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Political Crisis Threatens Italy's Economic Stability

Bank Governor Calls for Sign Of Deficit Cut

By Alan Friedman
International Herald Tribune

ROME — The deeply divisive political crisis that climaxed with the resignation of Prime Minister Silvio Berlusconi has already flooded the Italian lira, sent foreign investors running for cover and pushed interest rates to artificially high levels.

Now, the state of confusion and near hysteria among many Italian politicians is

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such that unless tough action is taken to restore confidence in the management of Italy's economy, the country's recovery — and perhaps even its overall economic stability — could soon be at risk.

Antonio Fazio, governor of the Bank of Italy, said as much after Mr. Berlusconi resigned, when he warned in a speech that financial markets were awaiting a signal that Rome would take new steps to cut Italy's bloated fiscal deficit. "We all must hope, believing in the rationality of man, that clear and determined signs are given in the next few weeks," Mr. Fazio said.

The consensus among many economists, foreign investors, Italian business leaders and international bankers, however, is that this may not happen for several weeks, or even months, as the political crisis is played out.

The price of political instability has already been heavy. Although Italy's real economy has been on a recovery trend, Mr. Berlusconi's failure to inspire confidence in financial markets can be seen in a few simple facts:

• The lira has fallen by 10 percent since May 11, when the Berlusconi government was sworn in.

• The Milan bourse, initially bullish about Mr. Berlusconi's election, has dropped by 25 percent since May.

• Foreign investors have been pulling out of Italy in recent months, and Italy has suffered a total capital outflow of more than 17 trillion lire (\$10.4 billion) since the start of 1994.

• The gap between Italian and German interest rates — a measure of investor confidence — has doubled, to around five percentage points, since May, adding

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President Seeks Reform Before New Elections

Compiled by Our Staff From Dispatches

ROME — President Oscar Luigi Scalfaro began the search on Friday for a way out of Italy's political morass, apparently determined to resist pressure from the caretaker prime minister, Silvio Berlusconi, for early elections.

Interior Minister Roberto Maroni said Mr. Scalfaro, arbiter in the country's deepest political crisis for nearly two decades, wanted a new electoral system in operation before Italians voted again.

"The president's thinking is that elections should take place only after Parliament has written the rules," Mr. Maroni said.

For his part, Mr. Berlusconi, who resigned Thursday rather than face defeat in a no-confidence drive inspired by former coalition partners in the Northern League, kept up his pressure for early elections.

"We must return to the people and ask them to express their opinion as soon as possible," he said at a news conference on Friday. He was reported to have suggested to Mr. Scalfaro that the elections be held in late March or early April.

Mr. Berlusconi acknowledged that Mr. Scalfaro did not share his view, but said he hoped to win him over "with a series of arguments."

Mr. Scalfaro must decide whether to dissolve Parliament and hold early elections or seek a successor to Mr. Berlusconi to formulate Italy's 54th government since World War II.

Mr. Berlusconi, who served as prime minister for seven months, insisted that only he could lead Italy in this time of scandals, political change and reform. But he did acknowledge that someone else could eventually replace him.

"I don't believe I'm the only prime minister possible," he said when asked if he would be willing to let someone else be prime minister in order to save his conservative coalition.

But he said that he had "made it clear" to Mr. Scalfaro that "it would be an error to change the composition of this government for the brief period that separates us from the necessary elections."

Mr. Berlusconi also repeated earlier assertions that plans were under way for him to sever ties with Fininvest, his media and

See SCALFARO, Page 5

Tainted Mexican Miracle: Crash Is Cautionary Tale

By Tim Golden
New York Times Service

MEXICO CITY — In the financial capitals of the developed world, a favorite story of Latin American success in recent years was about a closed economy thrown open by bold technocrats trained at Ivy League universities. It told of investments

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pouring in, inflation being vanquished, democracy taking root.

This week, however, the tale that investors called "the Mexico story" suddenly turned darker.

After the government announced Wednesday night that it would abandon its defense of the peso and let the currency trade freely against the dollar, Mexicans awoke to a country that most thought had been consigned to their difficult economic past. It is a place of threatening inflation, recession and myriad uncertainties.

[Standard & Poor's Corp. said Friday it had lowered its ratings on peso-denominated debt of \$30 billion, reflecting height-

ened economic uncertainty. In New York currency markets, the dollar traded at 4.65 pesos, little changed from Thursday. Meanwhile, the Mexican stock market was up sharply in early trading as investors went bargain-hunting. Page 7]

The sudden collapse of the peso was in fact neither so sudden nor so complete. In the long run, some investors said, the economy will have a more solid foundation if the peso can be wrestled down to a more stable, if weaker, level. The government of President Ernesto Zedillo Ponce de León, in office three weeks, gave just that explanation for its move.

Yet by his awkward handling of an adjustment in the currency that both some government officials and many of their political opponents have long thought necessary, Mr. Zedillo was seen Thursday as having lost control of the economy.

The peso's fall has impoverished Mexicans by at least 30 percent in terms of the dollar, jeopardizing the new president's already uncertain mandate. Perhaps

See MEXICO, Page 5

Kiosk

Clinton Extends Sanctions on Libya

WASHINGTON (AP) — President Bill Clinton on Friday renewed for a year the financial and trade sanctions imposed on Libya since 1986 as punishment for that country's alleged support of terrorism.

Mr. Clinton said the regime of Colonel Moammar Gadhafi had failed to comply with anti-terrorist resolutions passed by the UN Security Council or to ensure that those responsible for the attack on Pan Am Flight 103 over Scotland on

Art
The National Gallery in London gives the public a rare glimpse of the attribution game. Page 6.

Dec. 21, 1988, were brought to justice.

"The United States believes that still stronger United Nations Security Council sanctions should be enacted if Libya continues to defy the international community," a White House statement said.

Mr. Clinton told congressional leaders that he was extending the state of emergency between the United States and Libya because Libya had failed to act concretely to end its support of terrorism, as called for by the UN resolutions.

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Newsstand Prices

Andorra ... 9.00 FF Luxembourg 40 L Fr

Antilles ... 11.20 FF Morocco ... 12 Dh

Cameroon ... 1.400 CFA Qatar ... 8.00 Riels

Egypt ... E. P. 5000 Rev. ... 11.20 FF

France ... 9.00 FF Saudi Arabia ... 9.00 R.

Gabon ... 960 CFA Senegal ... 960 CFA

Greece ... 300 Dr. Spain ... 200 PTAS

Italy ... 2,600 Lira Tunisia ... 1,000 Din

Ivory Coast ... 1,120 CFA Turkey ... T. 1,000

Jordan ... 1 JD U.A.E. ... 8.50 Dirh.

Lebanon ... US\$ 1.50 U.S. Mil. (Eur. 7.51.10)

Dow Jones

Up 18.51

383.43

The Dollar

Up 1.5793

1.5743

FT close

1.5483

Pound

Up 100.12

100.25

FF

Up 5.4625

5.4405

Trib Index

Up 0.08%

112.38

Previous close

112.38

on payrolls and eliminates salary arbitration.

WASHINGTON — Angered by the decision of baseball club owners to impose a salary cap on players, senior members of Congress — Republicans and Democrats — said Friday that they would try to revoke the industry's six-decade-old exemption from antitrust laws.

The owners' executive council declared an impasse in negotiations in the four-month-old dispute with striking players and unilaterally put into effect an economic system that places a limit

on payrolls and eliminates salary arbitration. [Negotiations in another major North American sport, ice hockey, were continuing fitfully as the National Hockey League's lockout of its players reached its 84th day Friday. But there were hints of a settlement in that dispute. Page 17.]

Senator Daniel Patrick Moynihan, Democrat of New York, said he would use his seniority to introduce legislation on Jan. 4, the first day of Congress next year, to repeal the exemption for baseball. Senator Orrin Hatch, Republican of Utah, who will head the Senate Judiciary

Committee, said he no longer opposed such legislation and would try to push it to the Senate floor quickly.

"I am fast becoming convinced that the majority of the owners are trying to break the players association," Mr. Hatch said in a telephone interview. "I do not want to become involved in collective bargaining negotiations, but I'm starting to believe, like many people, that these negotiations are not being 'done in' good faith."

The antitrust exemption, which no other major league sport shares, allows baseball owners to impose industry-wide

Russians Hit Chechens in Most Violent Raids of Siege

Dozens Killed or Hurt; Attacks Seem Intended To Terrorize Civilians

By Lee Hockstader

Washington Post Service

SLEPTSOVSKAYA, Russia — Russian air, artillery and ground forces struck the Chechen capital, Grozny, on Friday, leaving dozens of civilians dead or wounded and destroying houses, apartment blocks and public buildings.

According to refugees, Chechen officials contacted by telephone and the handful of Western journalists who remained in Grozny, the Russian onslaught was indiscriminate and appeared intended to provoke terror in the city, perhaps to induce civilians to leave.

"It's a nightmare," said Sharifa Tatyeva, 38, who spoke to reporters near Chechnya's western border Friday morning just hours after she fled the city. "There are corpses everywhere. Cars are burning. It's terrible, terrible."

The attack on central Grozny and suburbs to the east, west and north of the city was the most violent since Russian forces moved into Chechnya on Dec. 11 to end the breakaway region's three-year drive for independence.

The lower house of the Russian Parliament called Friday for a cease-fire in Chechnya, and the United States, Britain and France expressed growing concern over the bloodshed.

But the intensity of the Russian assaults on Grozny, which broke off in the morning and then resumed in the afternoon, suggested that after days of indecision, the government was determined to seek an early military resolution to the Chechen crisis, even at the cost of many more civilian casualties.

In raids overnight and again Friday morning, Russian warplanes dropped bombs and fired rockets on residential neighborhoods as paratroopers and other Russian forces advanced on the city. There was a concerted attack by planes, helicopters and tanks on the town of Argun, 13 kilometers (8 miles) east of Grozny, where fires were reported burning for much of the day.

If Argun falls, it would give the Russians control of the eastern access to Grozny, leaving only the southern route to the Caucasus Mountains as an escape corridor for the Chechens.

West of Grozny, a convoy of Russian armor several kilometers long was seen moving toward the city. A refugee said he had seen the Russian forces fire Grad

See CHECHNYA, Page 5

A Violent Rooftop Protest in Istanbul

A policeman running in flames Friday as a second officer tried to help him after he was doused with gasoline and set afire by a man, rear, during a protest atop a building. The police were sent to tear down a row of illegal fish restaurants and were opposed by the owners. State television said one policeman and one of the protesters were hospitalized with burns. At least three people were detained.

Reuters

In Bethlehem, Nothing New for Christmas

Little in Palestinian Hands Despite Move Toward Autonomy

By Joel Greenberg

New York Times Service

BETHLEHEM, Israeli-Occupied West Bank — It was supposed to be a different Christmas season here this year, brimming with the spirit of peace and hopes for the expansion of Palestinian autonomy to the entire West Bank.

But preparations in this town of 50,000 seem joyless during this holiday season, the first since the start of Palestinian self-rule in the Gaza Strip and Jericho.

The Christmas Eve services that attract thousands of visitors to Manger Square and the Church of the Nativity, venerated as the site of Jesus's birth, are likely to follow familiar patterns.

The Israeli Army still controls security and access to the square, as it has for nearly three decades. Religious ceremonies will follow traditional protocol, leaving little in Palestinian hands aside from the flags added to decorations put up by the municipality. The red, green, black and white banners, once outlawed by Israel, were hoisted this week above City Hall.

The festivities here, like life in general in the West Bank, seem to run on inertia, as Palestinians look for substance beyond the symbols of political change they have witnessed since the accord reached last year between Israel and the Palestine Liberation Organization. Their search is often in vain.

Many say they are worse off economically because of restrictions on work in Israel. They are waiting for tangible improvements in daily life to give them real cause for celebration, they say. Difficulties in negotiations between Israel and the PLO on Palestinian elections and an accompanying Israeli pullout from West Bank towns add to the discouragement.

"People were hoping that this year, Christmas celebrations would be under the auspices of the Palestinian Authority, but the delay in the redeployment of the Israeli Army has not made it possible," said Bethlehem's deputy mayor, Hanna Nasser.

Mayor Elias Freij said: "The excitement of putting up a Palestinian flag is gone. Can you translate that into dollars or jobs? People need to feel the spirit of peace, and they don't. With an empty stomach and an empty pocket, how do people feel?"

Mansour Sayari, who has a refreshment stand in the marketplace, said there was little cheer in the streets. "We hear only talk, but we want something we can touch," he said. "We see flags, but we don't see a government."

His stall is next to the local tourism bureau, handed over recently by Israel to the Palestinian Authority. It is one of the few services under Palestinian responsibility.

See CHRISTMAS, Page 5



An Israeli border policeman with his finger on the trigger Friday in Bethlehem.

Stepping Up in Baseball Strike: An Angry Congress

Hong Kong Dispute Reveals Worry Over Future of Judiciary

By Kevin Murphy
International Herald Tribune

HONG KONG — A heated debate about Hong Kong's future judicial system is revealing deep concerns here about the law's immunity from political meddling under Chinese rule.

Technically, the controversy is about the number of foreign jurists who will sit on a new Final Court of Appeal after 1997, when the British colony returns to Chinese sovereignty.

But on a deeper level, a choice has to be made between political pragmatism and constitutional legal principles.

As Martin Lee, a local lawyer and legislator, said, "The whole debate over the court is closely tied to the question of whether Hong Kong will continue to have an independent legal system and the rule of law, or whether we will have a common-law system with Chinese characteristics."

Hong Kong has long been dominant as a legal center for China-related business, reflecting concern about the independence of China's judiciary and its apparently arbitrary rulings.

Yet, China has raised doubts as to whether judges now sitting in Hong Kong courts, predominantly expatriates, will automatically continue in service past 1997.

Governor Chris Patten has lobbied legislators to accept a Beijing-backed replacement for what is now the highest court of appeal for Hong Kong, London's Privy Council.

He and several lawyers and business executives contend that a less-than-perfect system is better than no system at all. China firmly opposes any different arrangements than those already proposed for a new Court of Final Appeal.

At the same time, 600 ordinances and 1,000 pieces of related legislation must be adapted to local laws, a complex process which Britain and China have yet to agree upon.

"I'm not sure business is watching it closely now," said Nick Moakes, an analyst with S. G. Warburg Securities, of the unfolding changes. "But it probably should be."

Stroogly backed by Hong Kong's barristers and solicitors, legislators rejected in December 1991 a government proposal to create the Final Court of Appeal.

Opponents of the plan main-

tained that a proposal secretly hammered out in 1991 between Beijing and London contravened earlier provisions of the 1984 Sino-British Joint Declaration. That is the international treaty that scripts Hong Kong's return to Chinese rule, and its minicostitution, the Basic Law.

With time running out to establish a new court, the Hong Kong Bar Association recently repeated its opposition to the Court of Final Appeal. The Bar Association represents the barristers who appear in local courts.

But the executive council of the Law Society, which represents the solicitors who prepare cases and act for clients in legal matters outside of the courts, reversed itself to hold that Hong Kong's overall interests would be served by accepting the government's stance.

The influential group's position will hold sway among legislators who they vote upon, it analysts say.

"For commercial reasons, lawyers don't want to be seen as a thorn in the side of China," said a lawyer. "But if we are willing to accept expedience over an interpretation of law under a little pressure now, it sets a terrible precedent for the future."

Britain convinced it would get no better deal from China after lengthy negotiations, has accepted a structure that will allow one foreigner at most to sit on the Court of Final Appeal.

"It's sensible to include judges from other common law jurisdictions," said Christine Loh, a local legislator. "To say we can have one foreign judge doesn't do that."

China's willingness to abolish a court which it has not fully endorsed cannot be discounted. Beijing intends to dismantle the Legislative Council when it regains control of Hong Kong, because it bitterly opposes the electoral reforms Mr. Patten insisted in June this year.

"The deal is there, and it is the British side's responsibility to see the deal through," said Zhang Junsheng, deputy director of the New China News Agency, Beijing's de-facto embassy in Hong Kong, in late October.

Britain is clearly taking the agreement seriously.



PRISON CONVERSIONS — Taiwan prison inmates in traditional Buddhist robes listening to a teacher after they became monks in a Taipei ceremony Friday. Among the 12 foreigners in the group were three hijackers from China.

Opponents Call on Indian Leader to Quit

Agence France-Presse

NEW DELHI — Opposition lawmakers in India, buoyed by the removal of three ministers accused of corruption, trained their guns on Prime Minister P. V. Narasimha Rao on Friday, demanding he also resign because of the scandals.

Opposition lawmakers forced the adjournment of both houses of Parliament with a stop-call for the resignation of Mr. Rao, who reluctantly obtained the resignations of the three ministers Thursday night to defuse a political crisis.

"This is a corrupt government," said Mr. Advani, who heads the main opposition Bharatiya Janata Party. "You better resign and face elections."

Two of the three ministers — Health Minister B. Shankar and the deputy rural development minister, Rameshwar Thakur — were linked to a \$1.3 billion securities fraud. The food minister, Kalp Nath Rai, was accused of involvement in a sugar scam.

But on Tuesday, Arjoo Singh, a senior minister and Mr. Rao's rival in the Congress Par-

ty, threatened to quit the cabinet if the three ministers did not leave.

The opposition had paralyzed Parliament for more than a week over the issue and vowed Friday to step up its campaign against Mr. Rao.

The opposition argued that Mr. Rao, who is also the Congress Party president, was the real source of corruption in the government and should quit and call fresh elections to Parliament, whose five-year term ends in mid-1996.

3 More Arrested in New White House Incidents

The Associated Press

WASHINGTON — Three men have been arrested in new incidents around the White House, the U.S. Park Police and the Secret Service said.

One man was arrested after claiming falsely that there was a bomb in his car. Another was charged with carrying an illegal firearm. And a man who the Secret Service said walked out of

White House grounds when a gate was opened briefly was charged with unlawful entry.

No one was hurt in any of the incidents Thursday and Friday. Law enforcement officials said none of the episodes were viewed as a threat to President Bill Clinton, who was in the White House at the time.

The man who claimed to have a bomb drove a car close

to the White House fence, jumped out and was chased down by a park police officer and a uniformed officer of the Secret Service. The man was identified as Joseph Maggio, 36.

In an earlier incident, a man carrying a gun was arrested on the Ellipse, the open park between the south grounds of the White House and the Washington Monument grounds. He

was identified as Franklin Ruff, 27, on fixed address.

On Thursday evening, a man identified as Richard Green, 44, of Washington, wandered into the White House grounds when the Southwest Gate was briefly opened to let a vehicle out.

On Tuesday, the Park Police shot a knife-wielding man on the sidewalk outside the White House fence. He died a day later.

AMERICAN TOPICS

For Older Women, Smoking Adds 5 Years to a Person's Age

Elderly women who smoke are weaker and less agile than their nonsmoking contemporaries, researchers say. They may feel older.

"For an older woman, smoking may have the same effect as adding five years to a person's age," said Heidi D. Nelson, lead author of a study that appears in the current Journal of the American Medical Association.

The study measured how 9,704 white women over the age of 65 performed such basic physical tasks as gripping an object, walking, rising from a chair and climbing stairs.

Smokers performed more poorly than nonsmokers in 11 of 12 categories tested, said Dr. Nelson, an assistant professor of internal medicine at Oregon Health Sci-

ences University's School of Medicine. She said smoking caused vascular problems that might explain the poorer functions.

The smokers in the group averaged 16 cigarettes a day.

Short Takes

The United States service academies report a drop in the number of applicants. Officials cite two reasons: the military establishment is shrinking, and the obligation to serve five years on active duty after graduation was increased to six years in 1992. Since then, applications to the military academy at West Point and the air force academy at Colorado Springs have shrunk 11 percentage points and to the naval academy at Annapolis, 8 percent. A service academy education costs taxpayers about \$250,000.

Near Miami, Orlando Pinero, 56, made the mistake of trying to break up a fight between two of the pigs he raises, each weighing from 300 to 400 pounds (roughly 150 kilograms). He suffered deep cuts, heavy blood loss and torn

muscles when he was gored in the leg by a task.

For the first time since the 1964 animated cartoon, "War and Peace," Wile E. Coyote and the Road Runner resume the chase in a brand-new Warner Brothers animated cartoon, "Chariots of Fun." The cartoon was directed by Chuck Jones, now 82, who first went to work for Warner's in 1938. In the new film, the coyote resumes his endless effort to catch the Road Runner. Among other things he loads himself onto a huge metal spring, shoots himself from an equally huge bow and disguises himself as a cactus — and, as usual, all for naught.

"Sharoo will not sit before a camera and wear the same piece of clothing (twice). She doesn't want someone to turn on 'Entertainment Tonight,' then turn the channel and see her wearing the exact thing on 'Larry King.' She doesn't want people to tire of her. She cares." Thus spoketh an aide to Sharoo Stone, explaining to US magazine why Miss Stone changes clothes between every one of nearly 50 media interviews scheduled for a single day.

International Herald Tribune

WORLD BRIEFS

No Word From North Korea on Pilot

SEOUL (AP) — There was no word Friday of any progress in efforts to obtain the release of an American pilot held by North Korea, but U.S. officials still held out hope he would be freed by Christmas.

"We, of course, are seeking a meeting at Panmunjom, but the North has not responded to our request," said Jim Coles, a spokesman for the U.S. military in South Korea.

Panmunjom, the truce village in the Demilitarized Zone, was the site for the repatriation on Thursday of Chief Warrant Officer David Hileman's body. He and Chief Warrant Officer Bobby Hall were aboard a U.S. Army helicopter that strayed into North Korea last Saturday and either made an emergency landing or was shot down.

Ulster Protestants Press for Releases

BELFAST (Reuters) — Northern Ireland's hard-line Protestant representatives pressed Britain on Friday to free hundreds of their supporters from jail after Ireland released nine IRA convicts in a goodwill gesture.

Political parties close to the province's Protestant guerrillas made their plea in a second round of talks with British officials, holding out for a release as a reward for an October cease-fire.

They said that it was agreed that the two sides would hold a third round of talks on Jan. 12. Spokesmen for the guerrillas were optimistic that Britain would back down on its refusal to free people convicted of security offenses.

Dutch Test Law on Infant Euthanasia

THE HAGUE (AP) — In a sign the Dutch are heading for an infant euthanasia policy, the Justice Ministry said Friday that acquittal was likely in the case of two doctors who face trial for killing severely deformed newborns.

The prosecutor's office expects they will not be found guilty, said a Justice Ministry spokeswoman. She said such a verdict was expected because the physicians had followed as closely as possible the official guidelines for adult euthanasia. The purpose of the prosecution, she added, was to establish legal precedent rather than to punish the doctors.

Tribal Clashes Widen in Burundi

BUJUMBURA, Burundi (AP) — Fighting between Hutu and Tutsi militias spread to the western part of the Burundian capital on Friday, with youths throwing grenades and firing automatic weapons.

Despite the violence in the western neighborhood, Bujumbura, and reports of shooting in the southern neighborhood of Kanyosha, most inhabitants of the capital resumed normal activities Friday. Only a few shops remained closed, as did the central post office.

Since last Sunday, clashes in the capital have left at least 30 dead and set off new fears of civil war. The government imposed a dusk-to-dawn curfew on Bujumbura Wednesday after an emergency cabinet meeting.

Estimates Jump on Russia Oil Spill

MOSCOW (Reuters) — Russia's Ecology Ministry said Friday that 90,000 to 120,000 tons of oil had spilled as a result of recent pipeline leaks in the far north Komi republic, well above an estimate by local officials.

A group of United Nations experts said earlier this month that at least 70,000 tons of oil had spilled from the pipeline over a prolonged period and remained on the ground in early December. This figure was accepted by the Russian Civil Defense Ministry.

For the Record

President Bill Clinton named Martin Indyk, a top adviser on Arab-Israeli affairs, as the new U.S. ambassador to Israel on Thursday. Mr. Indyk, 43, has been senior director for Middle East and South Asian affairs at the National Security Council and is also the senior member of Secretary of State Warren M. Christopher's Middle East peace team. His confirmation is subject to Senate approval.

TRAVEL UPDATE

Strike in Athens Disrupts Air Traffic

ATHENS (AP) — A strike by civil aviation service employees delayed dozens of local and international flights on Friday, affecting thousands of people hoping to travel for the Christmas weekend. One flight had to be diverted from Athens to northern Greece.

A two-day strike began at midnight on Thursday. Another was to begin next Thursday to protest a government plan to allow 45 percent of a major new Athens airport to be privately owned.

The police arrested a union member on charges of endangering the safety of a flight. He was on duty before dawn, when the airport's runway lights were turned off, forcing an approaching charter flight to land instead in Salonika in northern Greece, stranding 230 British tourists.

Belgian truck drivers blocked highways on the Luxembourg border in southern Belgium on Friday in the second day of protests about a new road tax. The truckers did not block main roads to France, as threatened, Belgian radio said.

Strong winds lashed northeastern Italy on Friday, downing trees and causing injuries. Harsh weather also disrupted holiday travel elsewhere in the nation.

Hong Kong residents living near Kai Tak International Airport are up in arms over a government proposal to add 224 early-morning and late-evening flights per week. The one-runway airport is sandwiched between densely populated residential areas and the harbor.

(AP)

Coast Guard Keeps QE2 in Port

Compiled by Our Staff From Dispatches

NEW YORK — The U.S. Coast Guard has barred the luxury liner QE2 from leaving New York for a Caribbean cruise after inspectors found numerous fire and safety violations aboard the ship, a Coast Guard spokesman said Friday.

Coast Guard inspectors demanded repairs to close holes in fire walls, fix inoperable fire doors, remove obstructions from passageways and correct other safety violations, said Petty Officer Kevin Miller.

The liner steamed into New York on Thursday amid reports of passengers irate over its unfinished \$45 million renovation. It had been scheduled to sail later in the day oo

a 15-day trip to the Caribbean. But it was still sitting at the dock on Friday, its departure delayed to make the repairs ordered by the Coast Guard.

Friday's repairs, however, were too late to calm passengers on the Atlantic crossing.

Les Sandcastle spent eight hours waiting for his room aboard the QE2. Once inside, there was no heat — except for the stuff leaking onto his head as he tried to sleep.

Christine Hall won a cruise on the QE2 as a prize from an opera company. Her toilet did not flush for two days. When it did, it also spewed brown water and gunk over a dress.

(Reuters, AP)

In North Dakota Court, Teasing

The Associated Press

NORTHWOOD, North Dakota — As a parent, Arie Svedberg said he had no choice. He had to take legal action against the teenager who called his son "Dumbo."

"I love this boy, and I'll do anything to help him," Mr. Svedberg said Thursday. "There's nothing more important to me. He's my whole life."

The state Supreme Court this week upheld an order prohibiting Anthony Stanness, 17, from taunting 14-year-old Chris Svedberg.

The younger boy had been nicknamed "Dumbo" for his oversized ears and humiliated by three large-eared snowmen built to mock him, his family asserted in court.

Travis Enger, 14, said it was not fair to single out Anthony Stanness. He said Anthony "over his a**y in his life."

Rather than let the teenagers work out their differences, the parents got involved.

Mr. Svedberg, advertising sales manager and columnist for The Gleaner, a weekly newspaper, complained repeatedly in his column that his son was being bullied at school. Before long, Charlene Stanness helped her son build a jug-eared snowman on the front lawn.

Mrs. Stanness would not comment on the court decision Thursday and said her son was out of town. The family's lawyer said that the case raised several First Amendment issues and that an appeal was being considered.

Travis Enger, 14, said it was not fair to single out Anthony Stanness. He said Anthony "over his a**y in his life."

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★ POLITICAL NOTES ★

Author, Author! Cry the Democrats

WASHINGTON — Democrats have demanded an independent inquiry into reports that Representative Newt Gingrich, the Georgia Republican about to become House speaker, has signed a \$4 million book contract with the conglomerate that is waging a regulatory battle in behalf of the Fox television network.

Representative David E. Bonior of Michigan, who will be the Democratic whip in the new Congress, suggested that Mr. Gingrich's contract was "a \$4 million Christmas gift" from the media baron Rupert Murdoch. Mr. Murdoch's empire includes Fox and HarperCollins, the publisher that has signed Mr. Gingrich.

"We need to lift this cloud over his head," Mr. Bonior said, as if to taunt Mr. Gingrich, "if in fact it is lifted."

Mr. Gingrich's spokesman, Tony Blankley, said the book contract foisted the line on author's royalties in the ethics manual.

[Mr. Murdoch, on business in Beijing, said he knew nothing about it. The Associated Press reported.]

The Democratic attack, which began at the White House, did not explicitly charge that the book deal was influence peddling or bribery. But it left that impression, and its bluntness recalled the many attacks on Democratic ethics that Mr. Gingrich mounted in the 1980s, especially one that led to the resignation of Jim Wright of Texas, when he was speaker.

(Michael Wines, NYT)

Mrs. Clinton Plays Big Role in Tax Debate

WASHINGTON — Hillary Rodham Clinton, brushing aside objections from top administration economic advisers, was a decisive voice in giving middle-class tax relief priority on the White House agenda, senior administration sources say.

Mrs. Clinton's role in the tax cut debate shows that she remains deeply involved in substantive policy-making despite suggestions that she would keep a lower profile after the collapse of the health care plan and the Republican election sweep. (LAT)

National Cancer Institute Chief to Resign

WASHINGTON — Dr. Samuel Broder, the head of the National Cancer Institute, who was among the first government scientists to work on treating AIDS, said Thursday that he would resign in April.

Dr. Broder led a laboratory team that discovered the therapeutic effects of the anti-AIDS drug AZT in 1985. He will join the IVAX Corp., one of the nation's largest generic drug producers and a leading manufacturer of intravenous drug delivery devices.

In the last year, the National Cancer Institute has been rocked by the discovery that researchers submitted fraudulent data in a large breast cancer trial called the National Surgical Adjuvant Breast and Bowel Project.

The institute later concluded that the falsifications had not affected the overall outcome of the study. But Dr. Broder has accepted some blame for not acting more quickly. (NYT)

Christmas Reading at the White House

WASHINGTON — Santa provided the cheer and President Bill Clinton contributed the Christmas stories on Thursday at a White House party for scores of children.

More than 100 children sat and sprawled on the floor of the State Dining Room as the president got comfortable on a bench and read aloud from "A Visit From St. Nicholas" or "The Night Before Christmas."

Mr. Clinton read the words: "He had a broad face and a little round belly that shook when he laughed like a bowl full of —"

Then he paused and pointed and the kids shouted the missing word: "JELLY." (AP)

Quote/Unquote

Tooy Blankley, Representative Newt Gingrich's spokesman, replying to a complaint by Representative David Bonior of Michigan about Mr. Gingrich's \$4 million book contract: "As Mr. Bonior develops his career as an attack dog for the minority party, he should arm himself with facts rather than fluffery. To infer improprieties where there are none is scurrilous." (NYT)

Away From Politics

• The proportion of American adults who smoke cigarettes dropped to 25 percent in 1993, the lowest figure since the government began taking regular surveys in 1965, the Health and Human Services Department's Office on Smoking and Health said. Seventy percent of adults who smoke said they would like to quit. (WP)

• An allegation that state police stop cars on the New Jersey Turnpike and search for drugs based on racial profiles has been made by the Gloucester County public defender's office. The assertion, denied by the police, is the subject of a hearing in the case of 19 men and women, all black or Hispanic, who were stopped and arrested in 1988-91. (NYT)

• A Titan 4 rocket blasted off from Cape Canaveral, Florida, and orbited a \$200 million missile-warning satellite for the U.S. Defense Department. (Reuters)

• Five teenagers have been arrested on charges they set fire to a San Jose, California, elementary school with a lighter, causing \$2 million in damage and injuring two fire fighters. The school was closed for the Christmas holidays when the fire destroyed six classrooms and damaged five others. (AP)

• A fire that gutted a two-story Philadelphia row house, killing six children ranging in age from 2 to 15, has been described by the authorities as suspicious. The mother of four of the victims and her 6-month-old child escaped the blaze. The other two victims lived next door. (AP)

Police Say Subway Bomb Was Part of Extortion Plan

By John Kifner
New York Times Service

NEW YORK — The unemployed computer expert accused of making the firebomb that exploded on a subway train Wednesday was plotting to set off a series of firebombs in a bizarre extortion scheme to hold New York City's subways and their riders ransom, police officials say.

Officials say he was apparently on his way to plant the second firebomb when it ignited accidentally.

DEATH NOTICE

M. Emile LAGASSE,
M. Maurice LAGASSE,
and their children,
regret to announce the accidental
death of their brother/uncle
M. EDOUARD LAGASSE
on the 13th December 1994.
The funeral took place
on the 19th December
at Jouar-Pontchartrain
and was attended by family
and relations.

Republicans Plan Repeal of '73 Limit on War Powers

By Paul F. Horvitz
International Herald Tribune

WASHINGTON — In a move to enhance presidential flexibility in foreign affairs, the new Republican majority in Congress plans to act quickly to repeal the Vietnam-era War Powers Resolution.

The measure, passed by a Democratic Congress in 1973 over President Richard M. Nixon's veto, limits the president's power to commit armed forces to hostilities abroad without congressional approval.

According to Republican Party and congressional sources, repeal would help keep Congress from undermining a president's emergency actions, provide President Bill Clinton with tangible Republican support in foreign affairs and strengthen the hand of the next Republican president.

Discussions are under way in both the Senate and the House on repeal legislation, according to officials.

The White House has publicly supported amending the War Powers Res-

olution; but two Senate Republican aides indicated in separate interviews that the legislation would likely be launched by the new Senate majority leader, Bob Dole of Kansas.

"I am confident in predicting," one Senate aide said, "that it's going to be introduced on the first day and that Senator Dole's name will be at the top."

Although no president has recognized the measure as constitutionally valid, the War Powers Resolution has prominently figured in the political calculations and debate surrounding such ventures as the Gulf War, the humanitarian mission to Somalia, the dispatch of Marines to Lebanon and the invasion of Grenada.

More recently, the Clinton White House largely ignored demands from lawmakers that it seek congressional approval before sending a force to Vietnam.

Under the act, a president must report to Congress within 48 hours of sending U.S. troops into hostile action.

in the absence of a declaration of war. They must be withdrawn in 60 days unless Congress approves an extension.

The debate over war powers arises because the U.S. Constitution names the president as commander in chief of the armed forces but gives Congress the power to declare war.

Congressional supporters of repeal call the resolution a "nuisance" and a "relic." They point out that Congress will retain its power to cut off funds for any foreign military involvement.

"It would say an awful lot to repeal War Powers," one congressional aide said. "It would say, 'We've come out of that Vietnam era.'"

William Kristol, a former vice presidential aide who now heads a Republican think tank, strongly favors repeal.

"It would be principled and statesmanlike," he said, "for Republican leaders in the Congress to say, 'Even though we now have a Democratic president, we've always said that the War Powers Act was a bad idea.'"

In the House, Representative Christopher Cox of California, who is the new chairman of the House Republicans' policy committee, says he came to understand the burden of the war powers legislation when he worked as a counsel in the White House under President Ronald Reagan.

"We now have an opportunity for the first time in 20 years to repeal it, and that will be good for the country," Mr. Cox said. "Every time we have gotten into a serious military conflict, the War Powers Act has gotten in the way."

Momentum for changing the measure has been building for some time, but Democratic initiatives languished in the last two years. It seems that a repeal measure would find significant Democratic support, even though some lawmakers prefer to at least require the president to consult with key members of Congress before dispatching troops.

The White House clearly wants to change the law. Mr. Clinton's national security adviser, W. Anthony Lake, called in a speech earlier this year for unspecified amendments to it.

Too often, he said, Congress loudly cautions on costs and casualties when troops go into action, undermining policy at a time when the unflinching use of force is called for.

Senator Jesse Helms of North Carolina, the next chairman of the Senate Foreign Relations Committee, has long opposed the resolution and was among the few senators to vote against it originally.

Senator Dole voted for the resolution in 1973, but he now believes, along with some Democrats, that it is unworkable.

A spokesman for Representative Benjamin A. Gilman of New York, the new House Foreign Affairs Committee chairman, said that "very preliminary chats" on the subject of repeal had taken place.

Roller-Coaster Ride Is Over for a Clinton Symbol of Change

By Ann Devroy
Washington Post Service

WASHINGTON — When she stepped to the White House podium two years ago, Dee Dee Myers was the visible symbol of Bill Clinton's agenda for change. Ms. Myers — young, hip, female and intensely political — and a band of young outsiders would help run a continuous Clinton campaign and transform Washington.

Now Ms. Myers has ended what little was left of that dream. In an interview before her final briefing at the White

House Thursday, Ms. Myers, who was the first woman and the youngest White House press secretary when she took the job at 31, recalled the euphoria of winning the White House and the struggles once there.

"There was so much hope and so many dreams when we came in," she said, "nothing will ever be like that again. You get that once in your life, to ride it from rock bottom to tip-top, a lot of people, most people will never have that ride. I am so grateful that I did. But the cost was high."

She lost her job when to be "young, hip, shoot from the lip" became a Clinton liability, not a symbol of change. Ms. Myers brushed aside questions about her final six months, but others in the administration said the first lady, Hillary Rodham Clinton, and the White House chief of staff, Leon E. Panetta, became convinced months ago that the president needed what one official called "a more sober, settled and presidential" spokesman, someone with more Washington experience.

Outside the inner circle, Myers' departure and the pending departure of a few other senior aides will leave in place only a handful of the top dozen men and women who arrived with the Clintons.

Of Ms. Myers' campaign companions, only George Stephanopoulos and Mark Gearan remain in senior posts. Both have gone through a year in which they were subpoenaed by a special counsel, called to tes-

timony before congressional investigators, saw the president's approval plummet to historic lows, and failed to keep Congress out of Republican hands.

■ Successor Named

The State Department spokesman, Michael McCurry, 40, will replace Ms. Myers as Mr. Clinton's press secretary, a White House official said Friday. The Associated Press reported from Washington.

Mr. McCurry, a Princeton University graduate born in 1954, was a spokesman for Senator Daniel Patrick Moynihan of New York in the early 1980s, and went on to become press secretary and adviser in the Democratic presidential primary campaigns of Senator John Glenn in 1984, Bruce Babbitt in 1988 and Senator Bob Kerrey in 1992.



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2 Israelis Die in Clash In Southern Lebanon

By Clyde Haberman
New York Times Service

JERUSALEM — Israeli forces and guerrillas of the pro-Iranian Hezbollah exchanged artillery and rocket fire Friday in some of the heaviest fighting in southern Lebanon this year. Two Israeli soldiers and two Lebanese police officers were reportedly killed, and seven Israelis were wounded.

After years of relentless battles in southern Lebanon, where Israel controls a border strip that it calls its "security zone," the Israeli Army and its allied Lebanese militia have begun suffering significantly higher casualties.

In just the last two and a half weeks, six Israelis and eight militiamen were killed, and more than two dozen others were wounded. Before December, Israel had averaged one or two deaths a month this year in the buffer strip, which is designed to forestall attacks on Israeli towns along the only border where Israelis and Arabs still have an active battlefield.

Israeli experts say Shiite Muslim gunmen from Hezbollah, or Party of God, are showing new sophistication and skill in their attacks. Also, there are more Israeli soldiers patrolling the security zone now, making more of them front-line targets. News reports from Lebanon say Israel has had to strengthen its force there because of declining



Israeli soldiers carrying a wounded comrade to safety Friday after fighting broke out in the southern Lebanon buffer zone.

ing morale and desertions in the militia that it pays and trains, the South Lebanon Army.

"There's a war of attrition in southern Lebanon," said Environment Minister Yossi Sarid, a senior Israeli negotiator in peace talks with the Palestinians. He added: "We should take the initiative. The initiative should not be left in the hands of our enemies."

■ Army Joins Peace Talks
John M. Goshko of The Washington Post reported earlier from Washington:

The sporadic Israeli-Syrian peace talks here have been expanded to include military experts, partly because the Israeli government has concluded that invigorated negotiations with Damascus might offer the best hope for maintaining momentum in the peace process.

turn in the Middle East peace process, according to U.S. officials.

The sources said that the government of Prime Minister Yitzhak Rabin fears that violence in the West Bank and Gaza Strip will delay indefinitely progress toward Palestinian self-rule in the occupied territories. Therefore, the sources added, in order to maintain momentum in the peace process,

the Israelis have decided to put more emphasis on a long-shot try at seeking a deal with Syria.

At Israel's behest, when Secretary of State Warren Christopher visited Damascus two weeks ago, he won President Hafez Assad's agreement to add military officials to the talks, the sources said. Israeli military radio reported that Israel's chief of staff, General Ehud Barak, and Mr. Rabin's

adviser, General Danny Yatom, met a Syrian military delegation in Washington on Thursday.

The addition of military officials could mean that the two sides are preparing to address the practical aspects of the central issue in a potential Israeli-Syrian peace accord: Israeli withdrawal from the Golan Heights, which the Jewish state captured from Syria in the 1967 Middle East War.

FUTURE: Political Crisis Threatens Italy's Economy

Continued from Page 1

about \$22 billion to the cost of financing a national debt of some \$1.2 trillion.

A lack of political leadership and action on the economy front could further weaken the lira, which would result in higher inflation, not least because of Italy's heavy dependence on imported energy priced in dollars. Interest rates might be forced higher still, placing a greater burden on the cost of financing government debt and inhibiting both company and consumer borrowing. Domestic as well as foreign direct investment could be slowed, as the political uncertainty would erode business confidence.

Most economists, meanwhile, believe that Mr. Berlusconi's raucous coalition failed to fulfill its promises on the economic front, and even damaged the country's economic standing.

Despite valiant efforts at fiscal discipline by Lamberto Dini, the central banker turned treasury minister, Mr. Berlusconi is widely seen to have botched the handling of urgently needed pension and social security reforms. He agreed to water down pension cuts after a one-day general strike in November.

He also failed to achieve convincing deficit reductions, largely because he was a prisoner of an electoral promise that there would be no new taxes. Another of Mr. Berlusconi's campaign pledges was that he would create a million new jobs; on Friday the latest figures from ISTAT, the national statistics office, showed that Italy's unemployment rate jumped to 12.1 percent in October, compared with 11 percent in July of this year.

Ironically — given Mr. Berlusconi's self-styled approach as an entrepreneur who could offer solid management of the Italian economy — the current view in financial markets is that the Berlusconi government's collapse is good news, even though the political turmoil is not.

The proof of this is in the numbers — the Milan bourse's main index has risen by 4 percent since Monday, when it became clear that the government would collapse this week. And the

lira has strengthened since Mr. Berlusconi resigned on Thursday — from 1,043.5 to one Deutsche mark to 1,039.8.

Ernesto Paolillo, president of the Milan foreign exchange market, told Agence France-Presse on Friday that the market reaction to Mr. Berlusconi's resignation had been positive. He added that financial markets did not like the idea of Mr. Berlusconi's being asked to form a new government "because it would only revive tension."

For his part, a combative Mr. Berlusconi on Friday blamed the plunge of the lira and the stock exchange during his seven-month administration on "the malevolent media" and on political instability caused by both the opposition and by Umberto Bossi, his erstwhile coalition partner of the Northern League.

While Mr. Fazio, the International Monetary Fund and the Organization for Economic Cooperation and Development have each called for a supplementary budget to tackle the deficit, Mr. Berlusconi claimed that his deficit-cutting budget was one of an absolute rigor.

And although admitting that only "a miracle" could enable Italy to meet the criteria needed to join a single currency under Europe's Maastricht treaty, Mr. Berlusconi argued rather improbably on Friday that Italy's European partners should agree that economic convergence is no longer necessary for monetary union.

In fact, the present state of affairs in Rome and the likelihood of continued uncertainty places Italy in an increasingly irrelevant position inside the European Union, as a politically paralyzed and economically disorganized member nation.

On Friday, President Oscar Luigi Scalfaro began the ritual round of consultations to see if a new government could be formed. Although elections may eventually be inevitable, Mr. Scalfaro and many others say they feel that what is most urgently needed is a temporary government that can at least offer some economic rigor and perhaps even complete the process of electoral reform before a poll is held.

MEXICO: Success Story Darkens

Continued from Page 1
worse, Mr. Zedillo appears to have shattered the investor confidence that was crucial to the country's economic boom.

To many, the amended Mexico story is a cautionary tale. It is about what can go wrong when hopeful foreigners with money join the innovative but unsteady managers of what has always been a complex, unwieldy developing country first and an "emerging market" second.

It may also be about former President Carlos Salinas de Gortari's strategy of postponing a democratic opening of the political system until often-unpopular economic reforms were concluded.

After a year that has seen a peasant revolt, two political assassinations and a tumultuous election campaign, many Mexicans say economic stability might have been better preserved by more aggressive democratic change.

"They put things off and put things off," said Mr. Salinas's determination to postpone many political changes until after the economy had largely been overhauled. "And so they explode."

The notion that the peso was overvalued against the dollar is hardly new. Economists who warmly praised the restructuring carried out by Mr. Salinas have warned for at least three years that Mexico's trade imbalance would force a peso devaluation.

During the course of this year, two officials said, some

government economists argued strenuously for a devaluation, only to be blocked by more senior officials.

Senior officials were said to have feared a backlash first against the governing party by impoverished voters in the presidential election, followed by a stain on the legacy of Mr. Salinas, a candidate to lead the new World Trade Organization.

The peso had a central place in the economic strategy of Pedro Aspe Armera, Mr. Salinas's finance secretary.

For the six years of the administration that concluded Dec. 1, a stable currency fixed the confidence of foreigners who poured tens of billions of dollars into Mexico.

Most of it went into relatively liquid assets like stocks and bonds. Yet while exports and domestic savings could not sustain the country's growth, foreign money financed most of the gaping deficit that the government ran to service its huge foreign debt and to supply the imports demanded by wealthy consumers and expanding industries.

In what became a crusade to lower inflation to a level that would make Mexico's exports competitive with those of its trading partners, Mr. Aspe slashed the budget deficit, imposed tax collection and raised interest rates.

Selling off its banks, sugar mills and telephone company, the government had enough money left over to finance a \$12 billion anti-poverty program that helped compensate for the fact that the rich reaped most of Mexico's new wealth.

CHRISTMAS: A Season of Low Spirits in Bethlehem

Continued from Page 1

After a transfer of five government departments by the Israeli military administration in the West Bank.

Two Palestinian flags hang over the bureau entrance, also adorned with a picture of Yasser Arafat. But the office has little real control over tourist traffic to Bethlehem, estimated by Mr. Freij at more than a million visitors this year.

Religious and archaeological sites in the West Bank outside Jericho are still in the hands of the military government. Building permits for new hotels are still issued by the Israelis, and the Palestinians have no authority over Israeli tour guides.

Indeed, Bethlehem at Christmas is an example of how Palestinians across the West Bank feel they have little control over their lives, even though the Palestinian Authority has taken over critical tasks such as taxation and health services.

The Israeli Army and police forces are reinforced in and around the town, part of an elaborate security operation that Israel says is needed to prevent attacks by militants. But residents call the measures provocative and unnecessary.

At makeshift stands in the marketplace, unemployed men sell clothes and other goods to make up for salaries lost because of Israeli restrictions that keep tens of thousands of Palestinians from reaching menial jobs in Israel.

The restrictions on entry were imposed during the Gulf War in 1991, then tightened after a rash of Palestinian attacks in Israel in March 1993, then

made tighter still to prevent violent reprisals after a Jewish settler killed 29 Muslims in Hebron last February.

The result has been growing West Bank unemployment, which Mr. Freij estimates at more than 50 percent in Bethlehem.

Sabir Lahham, a toy vendor, said holiday sales were poor because people had no money.

"Taking over health and tourism hasn't had an effect on us," he said as men crowded into a lottery stand across the street.

"A real change would be opening the way to Israel, so laborers can go to work."

In Bethlehem, Manger Square is still dominated by an Israeli police station and its high fences. Youths recently pelted the building with stones and bottles, drawing fire from

police officers and sending tourists scurrying for cover.

"When the Israelis leave," said Bethlehem's deputy mayor, "there will be a really festive Christmas."

BOSNIA: Carter-Brokered Truce to Start, a Day Late, Then Who Knows?

Continued from Page 1
fires that have led to more death and misery.

"At the end of the year you might think this is a modest gift but nevertheless it is something for the people who have suffered for so long," said Yasushi Akashi, special representative of Secretary-General Boutros

of Sartorius. "We'll use this period for preparation and they'll do the same," said Ejup Ganic, vice president of the mostly Muslim Bosnian government. "Who knows if peace will come?"

Bosnian Serb leaders were much more optimistic.

"I think this is the first major step toward real peace on these

territories," said Ratko Mladic, the commander of the Bosnian Serb army after he and Radovan Karadzic, his political counterpart, signed the cease-fire in Potočari, their stronghold 16 kilometers east.

"Now we think we are on the good road," Mr. Karadzic said. "It should take us to a final political peace."

Although Mr. Akashi had tried to include a series of more ambitious elements in the agreement, the final version mirrored the Carter proposal except for two points. Both sides agreed to the cease-fire, the beginning of negotiations Saturday on the cessation of hostilities, the ending of Serb

restrictions on humanitarian convoys, the resumption of air flights to Sarajevo airport, the protection of human rights and the opening of Bosnian-Serbian territory to UN human rights investigators.

Sections calling for the demilitarization of the six UN-designated "safe areas" around

Bosnia — including Sarajevo, Bihać, Gorazde, Zepa, Tuzla and Srebrenica — founded on Muslim insistence that if Muslim troops left those areas the UN would have to protect them. Secondly, the demilitarization proposal also ran afoul of the Serbs, who balked at the prospect of their troops withdrawing from the parts of Sarajevo.

Mr. Akashi said that, unlike Mr. Carter's document, no mention was made of a prisoner exchange. The reason, UN officials said, is that the Bosnian government wants prisoner releases linked with an exchange of information about missing persons. But the Serbs want the two to be separate.

This is a significant point because more than 16,000 Bosnian Muslims are missing in this war and many of them are believed to have died in Serb jails and concentration camps.

The State Duma voted, 228

Chechnya Backfire Is Squeezing Yeltsin Into a Tight Corner

By Michael Specter
New York Times Service

MOSCOW — In less than two weeks, President Boris N. Yeltsin has turned a smoldering rebellion in a remote region of Russia into a conflagration that threatens to rip his weary country apart.

In the process, Russian politics has been convulsed more violently than at any time since the breakup of the Soviet Union. Russian military com-

manders publicly ridicule their own president and refuse to carry out orders. Mr. Yeltsin's friends have become his bitter enemies, and his nationalistic detractors have provided the bedrock of his support.

"This country is on the verge of dictatorship," the parliamentary defense committee chairman, Sergei Yushchenko, told the newspaper Literaturnaya Gazeta on Friday. "I am afraid Yeltsin is not in command now. I am not even sure who is."

Like many other critics of the intervention in Chechnya, Mr. Yushchenko said Friday that he had come to the conclusion that the main reason for invading — to disarm groups of armed bands in the region — was a hoax.

"There are no armed gangs in Chechnya," he said, although even most critics of the war disagree.

"Just people driven to take up arms for their freedom. What the Russian government has done there is a lie."

It is not unusual for governments to lie in wartime, but Russian propaganda has reached a level unseen since the height of the Cold War. As Russian warplanes carried out relentless bombing raids on civilian targets in the Chechen capital on Friday, Prime Minister Viktor S. Chernomyrdin said at a press conference in New Delhi that only military targets had been attacked.

And despite Moscow's desperate efforts to jam news satellite transmissions from the region, the truth — that bombs are dropping nearly every 20 minutes on residents of Grozny — has been made clear to the Russian public with increasing tenacity.

And the headlines of the major newspapers Friday spoke of 40,000 troops into the region 10 days ago but has never ap-

peared in public to discuss it — he has backed himself and his presidency into a corner from which he may never successfully emerge. If he stops the war and withdraws the troops, he will have gained neither a resolution to the simmering crisis in Chechnya or the support of the Russian people. If he continues the assault, he may soon completely level a Russian city that his troops will then have to occupy and somehow govern.

It is clear that Chechen fighters — however desperate and poorly prepared — are willing to die for their freedom. Their leader, Dzhokhar Dudayev, seems to delight in calling the wrath of the Kremlin upon his people. But he is supported in Chechnya for one reason: because he believes it should be an independent state.

That kind of certainty makes it almost impossible for Mr. Yeltsin to win, or for Mr. Dudayev to lose. If Russian soldiers storm Grozny they will certainly take the city, but just as certainly many of them will

be killed.

There were reports Friday, later retracted, that the defense minister, General Pavel S. Grachev, had resigned. But there are reports almost every day that nation's highest military leaders are either in open revolt or ready to quit.

Russia today has become a country where a leading military figure — General Alexander Lebed — could say as he did in an interview this week that he would be glad to take his troops to the front, just as long as they included the children of the president or the prime minister.

CHECHNYA: Grozny Is Pounded

Continued from Page 1

multiple rocket launchers toward the city. Grads, which are not particularly accurate, are regarded as a weapon of terror in urban warfare.

People leaving the city said that the main central market had been virtually empty at midday. They said that besides armed Chechen fighters, most of the people on the streets of Grozny appeared to be elderly Russian civilians who were too poor to leave the city or had no relatives nearby with whom they could stay.

Moscow announced that Russian forces had finally sealed off Grozny. But there was no independent confirmation of this, and hundreds of refugees continued to stream out of the city to the west.

The refugees were leaving in cars crammed with relatives and personal belongings. They included Chechens as well as ethnic Russians, all of whom said Grozny had become a city of horrors.

"They say they're only bombing military sites, but they're hitting apartment buildings," said Zemira Karakhyeva, 56. "People are dying."

Sultan Rushayev, 41, was bringing his 69-year-old father out of the city Friday morning along with four of his sisters and a 2-year-old nephew.

"The city is burning," he said. "Planes are coming in one after another."

ART

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December 24-25, 1994
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Detail of "Das Undbild," done by Kurt Schwitters in 1919.

The Master of Collage

By Michael Gibson
International Herald Tribune

PARIS — More eloquently than the militant artists of that age, Kurt Schwitters, in his life and varied work, illustrates both the resources of the human spirit and the scope of the historical and spiritual disasters of the first half of this century. The presentation of the big Schwitters retrospective at the Pompidou Center (to Feb. 20), is rather too neat and sanitized, however, to do full justice to this large, gentle, messy, manically dedicated artist.

Born in Hanover in 1887, Schwitters first pursued standard studies in fine arts (producing some rather heavy-set oil portraits and landscapes), spent three months in the army behind a typewriter, during World War I, and surfaced in Berlin in 1918 in the wake of "the glorious revolution" (the quotes are his) to make contact with the new-born Dada movement.

But Richard Huelsenbeck, the driving force behind Dada in Berlin, rejected his candidacy. He was utterly dedicated to "the destruction of civilization" and Schwitters, he rightly assumed, was not. Schwitters never believed politics were the artist's business. Art was. And Schwitters may be rightly regarded as a sort of holy man of art, using whatever was at his disposal and even the absurd, to a constructive purpose.

His major find was collage, and he spent the greater part of his career recycling fragments, snippets and debris of daily life. His most endearing and persuasive works date from 1918 to 1923, after which he momentarily drifted toward Constructivism under the influence of his friend Theo van Doesberg.

In his first collages he used tram tickets, cigar rings, bits of string, wood or clockwork toys as well as standard artist's materials. The overall effect is warm and beautiful, which is precisely what Schwitters wanted.

There was also an ironical subtext, apparent, for instance, in a collage in which the German word "Und" figures prominently. Taken as an isolated statement, it corresponds

roughly to the English "Well?" — a valid question to ask in a country that had just managed to bring the world down about its ears.

But in this period of upheaval in Berlin, Schwitters felt extraordinarily happy and free. "All was lost, and it had become necessary to build something new out of debris. . . . I did not see what could prevent one from using all the old bric-a-brac of the attics and garbage dumps as the raw material for a painting, as one would colors turned out by a factory. The artist was in a sense, a perception of the social situation, from the artistic point of view, a private declaration, but it was above all the ultimate logical consequence."

Essentially, the very form he had created was metaphor: Now that everything lies in ruins, it implied, we can still achieve beauty (the good, truth), by using what was dislodged and rejected by the former age.

All through this period, Schwitters continued to work, producing portraits and conventional landscapes to earn a living (these works are also on view at the Pompidou Centre), but also Merz collages which, on the whole, no longer have the aura of earlier works.

It is hardly surprising. The man was physically powerful. The man was of two decades had taken their toll and he once or twice had epileptic seizures, something that had not occurred since his adolescence. His disgust with the turn of events in Germany led him to renounce the German language — a significant sacrifice.

After the destruction of his Merzbau (a reconstruction is on view in Paris), and thanks to a \$1,000 grant from the New York Museum of Modern Art, he undertook a new version in 1947.

A friend offered Schwitters the use of a barn near Ambleside, England, and the artist began working at what he called the Merzbar. He barely had time to create a striking, colored plaster and stone wall, before he died, early in 1948, at the age of 60.

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International Herald Tribune
ads work

By Michelangelo? The Jury Is Still Out

International Herald Tribune
LONDON — Our time is obsessed with great names and authenticity of authorship as seldom before. Yet rarely does the public get a chance to glance at the evidence on which certainty is based in art history.

In a fascinating exhibition on view at the National Gallery until Jan. 15, the case of "The Young Michelangelo" and two paintings reputedly by him is submitted to the tribunal by the art histori-

SOUREN MELIKIAN

an Michael Hirst and the conservator Jill Dunkerton. As with so many works providing an excuse for the great attribution game, "The Manchester Madonna" which we are told, was painted by Michelangelo in 1497, and "The Entombment" now supposed to have been executed in 1500-1501, both surfaced on the art market stripped of their history.

"The Manchester Madonna" turned up at a London auction in 1833. Sold as a Michelangelo, it then lost its identity to become the work of Domenico Ghirlandaio, Michelangelo's master. Offered as such to the National Gallery, it was turned down twice, in 1844 and 1845. Twelve years later, the Madonna was restored to full Michelangelo-hood by the German art historian Gustav Waggen and displayed as a "discovery" in the Manchester Art Treasures show of 1857. In 1870, it was at last bought for the nation. But by the 1960s and 1970s, its Michelangelo status had been downgraded.

The story of "The Entombment" reads like a murkier version of the previous one. The picture was apparently spotted in Rome in 1845 or 1846 by a Scottish painter and photographer, Robert MacPherson. He saw it in a job lot at the auction of Cardinal Fesch's collection. Later, MacPherson bought it for a trifling sum from the dealer who had acquired it.

When the Gestapo came looking for Schwitters after the invasion of Norway, he and his son escaped to England. The artist was at first interned as an enemy alien on the Isle of Man. He was ultimately granted asylum thanks to such influential art dealers as Herbert Read.

All through this period, Schwitters continued to work, producing portraits and conventional landscapes to earn a living (these works are also on view at the Pompidou Centre), but also Merz collages which, on the whole, no longer have the aura of earlier works.

It is hardly surprising. The man was physically powerful. The man was of two decades had taken their toll and he once or twice had epileptic seizures, something that had not occurred since his adolescence. His disgust with the turn of events in Germany led him to renounce the German language — a significant sacrifice.

After the destruction of his Merzbau (a reconstruction is on view in Paris), and thanks to a \$1,000 grant from the New York

Museum of Modern Art, he undertook a new version in 1947.

A friend offered Schwitters the use of a barn near Ambleside, England, and the artist began working at what he called the Merzbar. He barely had time to create a striking, colored plaster and stone wall, before he died, early in 1948, at the age of 60.

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As with all the best reference works, some of it was commissioned, but most of it was energetically pilfered from impeccable sources — principally the Byzantine east — with numerous eclectic touches, from the Gothic spires to the four bronze

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The Manchester Madonna, at the National Gallery in London.

Michelangelo. The shading of the pink dresses in both, the sleek effect given to the faces that betrays a sculptor's familiarity with carved marble, and other details, make the assumption more than plausible. Not least, "The Manchester Madonna" is a masterpiece and there are not all that many contenders who could be plausibly credited with it.

Such is not exactly the case with "The Entombment." The exhibition, admirably and sparsely laid out, with only seven paintings, a few drawings and a few sculptures, is a flattering to great art, which the eye can contemplate at leisure, as it is ruthless to clumsiness. And clumsy "The Entombment" undoubtedly is. The figures are shown standing in improbable postures, two of them off balance, hardly a plausible mistake from a sculptor. In particular, a woman bending backward displays a manneristic exaggeration that bears no visible connection to Michelangelo's recorded work. Add the mincing posture and soppy lacrymose face of the woman to the far right, and the likelihood of the attribution recedes further still.

If anything, "The Entombment" looks a bit closer to the "Virgin and Child with Saint John" ascribed in the catalogue to "an associate of Michelangelo." There too, the figures are given unlikely postures. Michelangelo? If such an attribution should ever be established beyond doubt, it would reveal an unseemly flaw in the painter's mastery.

Here comes the downside of our current obsession with names. Were it not for the Michelangelo-esque whiff about this picture, it would never be granted the honor of such an exalted exhibition. There is no little irony in the fact that a masterpiece unknown to all but art professionals should be dragged into the limelight in that same show, a background material to the two "Michelmores." This is Francesco Granacci's "Rest on the Flight to Egypt with the Infant Saint John," believed to have been painted about 1494. The composition with the Virgin bending sideways as she lays a protective hand on the back of little John is original. Joseph leading a mule in the distance is an equally new idea. The face of the Virgin is as gentle as it is exquisitely subtle. Granacci, also a pupil of Ghirlandaio's, developed a close friendship with the young Michelangelo. Not much is made of him, nor is, regrettably, the National Gallery of Ireland in Dublin, which owns the painting, a top priority to those who travel in search of art.

There should be more exhibitions of this type; lean, beautifully laid out, crafted in the finest detail and dealing with major issues. Whether the viewer agrees or not matters little. The pleasure of gazing at art in peace, without the hype of mega-shows, and of reading intelligent research (they regrettably forgot to include in the book a table of illustrations and chronology of Michelangelo's work, proven and tentative, but never mind), is a perfect Christmas treat.

In Homage to St. Mark, Patron of Venice

By Roderick Conway Morris
International Herald Tribune

VENICE — One of the strangest buildings on earth, St. Mark's Basilica is a kind of solid-state encyclopedia of Venice's history, government, economy and everyday life.

As with all the best reference works, some of it was commissioned, but most of it was energetically pilfered from impeccable sources — principally the Byzantine east — with numerous eclectic touches, from the Gothic spires to the four bronze

horses that, though hijacked from Constantinople, probably began life in Rome.

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BOOKS

PLEASE STAND BY:

A Prehistory of Television

By Michael Ritchie. 247 pages.

\$23.95. Overlook.

Reviewed by

Trey Graham

In the spirit of "Quiz Show,"

here are some quick questions:

What star had a role in the first televised performance of Shakespeare, and whose airwaves carried the program?

Which researcher created the most gruesome experimental cameras, and what part of the human anatomy did it contain?

Anyone who doesn't have the answers at hand might want to pick up a copy of "Please Stand By," an engaging new "prehis-

tory" of the tube that covers the quarter-century between the first mechanical telecast and the debut of the first real "seas-

on NBC.

Author Michael Ritchie, is a

bit of irony that will be most

appreciated by those who read

the book, is best known as a

motion picture director, having

brought us "The Candidate,"

"The Bad News Bears" and

MARKET DIARY

Christmas Spirit Rallies the Markets

Compiled by Our Staff From Dispatches

NEW YORK — The stock market rallied into the holiday with prices rising in thin trading Friday as the bond market firms and traders adjourned for Christmas.

The Dow Jones industrial average rose 18.51 points, to 3,833.43.

"Today is a semi-holiday," said Phil Roth, chief technical

portfolios of particular stocks for tax-loss computations.

Mexican issues led the New York rally in a moderate firming that ended a week of heavy losses from political unrest and the floating of the peso.

"There's nothing to keep the market down," said Thomas Gallagher, head stock trader at Oppenheimer. "Mexico seems a little bit better."

The most actively traded Big Board stock, Teléfonos de Mexico, closed unchanged, at 40%. In other Latin American issues, Grupo Televisa rose 1/2, to 32%, and Grupo Tribus rose 1/4, to 19%, but early gains eluded the Mexico Fund, which fell 1/4, to 234, and Empresas ICA, which lost 1/4, to 19%.

Gaining issues led declines by almost a 4-to-3 ratio on the New York Stock Exchange.

Long-term bonds also rose,

with the benchmark 30-year Treasury closing at 96 3/32, up 9/32 point. That lowered its yield to 7.83 percent from 7.85 percent Thursday. Traders attributed the rise to year-end window dressing, and that helped push stocks higher.

Some analysts also cited bar-gain-hunting and the fizzling of year-end selling to clean up

(Knight-Ridder, Reuters, AP)

Repatriation of Profits Helps Dollar Advance

Compiled by Our Staff From Dispatches

NEW YORK — The dollar rose against European currencies Friday, helped by a round of year-end buying by U.S. corporations in thin trading before the Christmas holiday weekend.

The dollar rose to 1.5793 Deutsche marks from 1.5743 DM on Thursday, to 5.4525

French francs from 5.4405

francs and to 1.3329 Swiss francs from 1.3315 francs. It slipped to 100.12 yen, the pound weakened to \$1.5463 from \$1.5468.

The dollar was underpinned by buying from U.S. corporations repatriating profits from Europe before the new year, said Richard Koss, currency sales manager at Canadian Imperial Bank of Commerce in New York.

With trading so thin before the holiday, that corporate buying was enough to push the dollar a bit higher. U.S. and most European banks will be closed

Monday in observance of Christmas.

Some nervousness about Latin American financial markets in the wake of the Mexican government's decision to allow the peso to float continued to give the dollar a firm tone.

The peso stabilized Friday, but investors were still wary of leaving assets in Mexico.

"A lot of damage has been done to the confidence of investors in Mexico, and they're going to be looking elsewhere to the U.S.," said Tom Benfer, director of foreign exchange at Bank of Montreal.

Traders said the dollar was underpinned by durable-goods data that indicated the U.S. economy was still growing.

That could prompt the central bank to raise rates again at the end of January, when its policy-making Open Market Committee next meets.

But the dollar slipped against the yen amid selling by Japanese exporters before year-end, traders said. (Reuters, Knight-Ridder, Bloomberg)

Continued from Page 7

Bog Jones Averages

Open High Low Last Chg.
Index 101.63 101.70 101.69 101.67 -1.13
Trans 100.13 100.15 100.12 100.14 +0.49
100.12 100.14 100.11 100.19 +0.31
Comp 129.16 127.71 126.04 126.04 +0.71

Standard & Poor's Indexes

Industrials 56.68 56.72 56.67 56.72 +0.04
Services 56.00 56.05 56.00 56.05 +0.05
Utilities 55.98 56.00 56.00 56.00 +0.02
Finance 47.49 47.52 47.51 47.51 +0.01
47.49 47.52 47.51 47.51 +0.01
SP 500 41.36 41.38 41.33 41.33 +0.05

NYSE Indexes

High Low Last Chg.
Composite 251.51 250.59 250.55 +0.24
Industrials 218.02 217.70 217.65 +0.27
Services 199.76 199.20 199.08 +0.47
Finance 194.55 194.32 194.30 +0.48

NASDAQ Indexes

High Low Last Chg.
Composite 743.12 735.51 742.46 +1.12
Industrials 741.67 738.71 741.50 +0.86
Services 740.01 737.92 734.98 +0.79
Finance 735.34 735.11 734.50 +0.21
Trans 742.22 742.00 742.23 +0.16

AMEX Stock Index

High Low Last Chg.
20 Bonds 82.85 +0.06
Utilities 78.00 +0.01
10 Industrials 76.48 +0.01

NASDAQ Most Actives

Vol. High Low Last Chg.
Tele- 125521 474.40 474.40 474.40 +0.00
Soft 1002 1002 1002 1002 +0.00
R.R. 2952 214.00 214.00 214.00 +0.00
Tele- 2271 224.00 217.00 217.00 +0.00
For- 2172 275.00 264.00 264.00 +0.00
Pharm 1475 147.00 147.00 147.00 +0.00
Phar- 1475 147.00 147.00 147.00 +0.00
YPP Soc 1475 137.00 137.00 137.00 +0.00
Tele- 1475 137.00 137.00 137.00 +0.00
Disney 1475 145.00 145.00 145.00 +0.00
McKin- 1475 145.00 145.00 145.00 +0.00

NYSE Most Actives

Vol. High Low Last Chg.
Tele- 125521 474.40 474.40 474.40 +0.00
Soft 1002 1002 1002 1002 +0.00
R.R. 2952 214.00 214.00 214.00 +0.00
Tele- 2271 224.00 217.00 217.00 +0.00
For- 2172 275.00 264.00 264.00 +0.00
Pharm 1475 147.00 147.00 147.00 +0.00
Phar- 1475 147.00 147.00 147.00 +0.00
YPP Soc 1475 137.00 137.00 137.00 +0.00
Tele- 1475 137.00 137.00 137.00 +0.00
Disney 1475 145.00 145.00 145.00 +0.00
McKin- 1475 145.00 145.00 145.00 +0.00

NASDAQ Most Actives

Vol. High Low Last Chg.
Bov- 4467 271.00 271.00 271.00 +0.00
Ches 1250 150.00 150.00 150.00 +0.00
Fintech 2257 150.00 150.00 150.00 +0.00
Intel 1491 150.00 150.00 150.00 +0.00
Novell 1272 150.00 150.00 150.00 +0.00
Tele- 2271 224.00 217.00 217.00 +0.00
Com- 1254 125.00 125.00 125.00 +0.00
Micra 1707 170.00 170.00 170.00 +0.00
Automa- 1254 125.00 125.00 125.00 +0.00
Tele- 125521 474.40 474.40 474.40 +0.00
Soft 1002 1002 1002 1002 +0.00

AMEX Most Actives

Vol. High Low Last Chg.
Tele- 125521 474.40 474.40 474.40 +0.00
Soft 1002 1002 1002 1002 +0.00
R.R. 2952 214.00 214.00 214.00 +0.00
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Tele- 1475 137.00 137.00 137.00 +0.00
Disney 1475 145.00 145.00 145.00 +0.00
McKin- 1475 145.00 145.00 145.00 +0.00

NYSE Diary

Class Prev.

Advanced 1224 1115

Declined 922 924

Unchanged 2022 2065

Total Issues 2022 2065

New Highs 59 175

New Lows 24 25

AMEX Diary

Class Prev.

Advanced 259 259

Declined 250 303

Unchanged 219 211

Total Issues 219 211

New Highs 8 11

New Lows 24 25

NASDAQ Diary

Class Prev.

Advanced 1443 1430

Declined 1432 1432

Unchanged 2127 2141

Total Issues 2127 2141

New Highs 59 90

New Lows 79 121

Market Sales

Today Chg.

Prev. Chg.

NYSE 105.64 0.11 114.15

Amex 15.30 0.22 22.34

Nasdaq 192.44 0.05 236.65

In millions

Continued from Page 7

S&P added. If the government implements its announced fiscal and monetary tightening in the next few weeks, it said, investor confidence could return and thereby stabilize Mexico's credit standing.

S&P also said it was lowering its rating on the peso debt of Mexico's largest bank, Banco Nacional de México SA (Banco de México).

From a peak in February to

Continued from Page 7

Monday in observance of Christmas.

The agency is also putting the bonds of several major companies on review, including Empresas ICA Sociedad, Nacional Financiera SNC (Nafin), Banco Nacional de Comercio Exterior SNC (Bancomext), MABE Export SA, Grupo Tribus SA, Cemex SA and Tolmex SA.

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From a peak in

Beijing Attacks U.S. Negotiator For 'Meddling'

Compiled by Our Staff From Dispatches

BEIJING — China launched a personal attack on a U.S. trade negotiator Friday, saying his "arbitrary, freewheeling and meddling" posture had scuttled last-ditch copyright protection talks.

An unidentified senior Chinese negotiator, quoted by the official China Daily newspaper, said the lead U.S. negotiator, Lee Sands, was blocking agreement by making demands outside the scope of the talks.

"He even asked China to review its judicial and legislative laws, including the civil proce-

dure," the official said. "That was a demand far beyond the scope of our talks."

Washington has given Beijing until the end of the month to prove it is enforcing its intellectual-property laws or face sanctions to compensate for \$1 billion in annual losses to U.S. companies from infringements.

Talks were suspended Dec. 13, with a U.S. official saying Beijing still lacked the "political will" to curb copyright violations.

Song Jian, minister of the state commission of science and technology, was quoted by the state press Friday as saying China would continue to impose tough penalties on pirates. But he didn't announce any new initiatives to solve the problem.

The newspaper said Mr. Sands had demanded standards of protection that even the United States could not meet.

"We are open to future negotiations, but we will not bend under any pressure," the newspaper quoted the negotiator as saying. "Sands insisted that the Chinese side should undertake all the obligations, while the U.S. wouldn't take any."

"We are disturbed to see negotiations on important trade issues personalized," a spokesman from the U.S. Embassy said.

He said the United States wanted to work with China on "many underlying issues which remain unresolved."

Wang Yong, the China Daily reporter who interviewed the negotiator, said he had sent a copy of his story to officials for approval and received the go-ahead.

The Chinese side wanted to criticize Lee Sands for his approach," he said.

Mr. Sands was negotiating with Beijing in his capacity as assistant trade representative for China and Mongolia.

(Bloomberg, AP, AFP)

Financial Review Delays Results For Ailing MKI

Bloomberg Business News

HONG KONG — MKI Corp., the struggling manufacturer and computer distributor, said Friday it may delay releasing its interim results, originally scheduled for next week.

"The directors think it may not be appropriate to release the interim result to the public, in particular the shareholders, which may be misleading or not true and fair," the company said.

MKI said it would delay its board meeting from Wednesday to Jan. 26 because it had recently appointed Ernst & Young to undertake a critical review to evaluate the financial position of the company.

MKI's shares have been suspended since June, after the management made several market-moving announcements without first clearing them with the stock exchange.

Last week, the Securities and Futures Commission applied to have MKI liquidated, the first time it had taken such action against a public company.

The Hong Kong High Court will hear the application Jan. 11.

Japanese Investors Look Abroad

Weak Domestic Earnings Prompt a Shift in Strategy

Bloomberg Business News

HONG KONG — Japanese investors, faced with slow earnings growth of domestic companies, are increasingly turning to other Asian equity markets, and that trend is likely to continue next year.

"It is relatively easy to promote Asian emerging markets to individual Japanese investors with the outlook for the domestic market not so attractive," said Seiyo Nakao, head of global strategy at Nomura Securities Co. in Tokyo. "I think Japanese money will have a very important role from now on in Asian markets."

A relatively stable dollar/yen exchange rate and low price/earnings ratios in Asian markets after stocks slumped this year should encourage investment next year, analysts said.

This month, at least 13 Japanese securities investment trusts have raised between 200 billion yen and 400 billion yen (\$2 billion and \$4 billion) to buy stocks in Asian markets outside Japan, Mr. Nakao said.

On Thursday, Yamaichi Securities Investment Trust Management Co. said it had begun to invest the 61.7 billion yen it had raised from the Japanese public for two Asian emerging-market funds.

"Our analysts are expecting 8 percent annual growth for Asian economies through the year 2010," said Masakazu

Iida, a spokesman for Yamaichi. "This type of growth should translate into strong stock markets."

Some analysts had expected a wave of Japanese funds to flood the Hong Kong and Southeast Asian markets this year after the establishment of a number of funds in late 1993.

But an unexpected rise in U.S. interest

'Our analysts are expecting 8 percent annual growth for Asian economies through the year 2010.'

A spokesman for Yamaichi Securities Investment Trust Co.

rates beginning in February and the dollar's slide against the yen all but halted Japanese investment in Asia.

Japanese investors who did venture into Hong Kong, China and Southeast Asia in late 1993 or early 1994 ended up with significant losses.

Hong Kong's Hang Seng Index of top stocks has lost 30.3 percent so far this year in Hong Kong dollar terms, and yen-

based investors have lost 37.7 percent.

Pauline Gately, regional strategist at Smith New Court (Far East), said the slide in international bond prices this year had also forced some Japanese investors to pull back from Asian equity markets.

"Japanese institutions were badly burned in bonds, and the idea then was to get their money back home," she said.

But the stabilization in many world markets recently and the low P/E ratios at which many leading stocks in Asia now trade are enticing some investors.

HSBC Holdings PLC, owner of Hong Kong & Shanghai Banking Corp., is now at \$4.75 Hong Kong dollars (\$0.95), or 7.7 times its projected 1995 earnings per share, according to IBES, a brokers' estimating service. When the stock was at its high of 131 in February, it was at 13.5 times expected 1994 earnings.

Figures from Japan's Investment Trust Association show that the amount of trust fund money in Asia outside Japan was 1.07 trillion yen in November, up from \$57.3 billion yen a year earlier.

Brokers say that Japanese and other investors will chase Asia's high economic and corporate earnings growth.

"If your own economy has gone flat, you go and buy someone else's growth," said Niall Gooding, sales director for Kleinwort Benson Securities (Asia).

the profit potential as China's economy grows still made Chinese issues attractive.

"From an investment opportunity, closed-end country funds are trading at a 5 percent to 15 percent discount to net asset value, including China," a New York-based mutual fund analyst said. Last year, most of these funds traded at a premium.

Other investors said that while the short-term investor may not want to tamper with Chinese equities now, long-term potential for gains exists.

"In the long run I think they'll have an economic explosion there," said Joe Grossberg, managing director of Gofen & Grossberg, a Chicago-based money management firm.

But the Chinese economic expansion will not come without growing pains, other analysts warned.

Policymakers in Beijing have yet to complete tax reforms and are struggling

to keep state-owned enterprises above water. About 44 percent of state-run companies were running losses in the first nine months of this year.

"We maintain a relatively limited exposure to China directly," said Ralph Layman, vice president of international equities at GE Investment. "We typically get business exposure through Southeast Asian companies. It's a cheaper way to position yourself through companies with proven track records and experienced management."

But some analysts said Chinese shares were likely to drop even further in coming weeks, presenting an even greater bargain.

"I promise you the market is going down. And when it does, people should buy," said Jim Rogers, an author and former hedge-fund manager. "But no one should think of investing in it now."

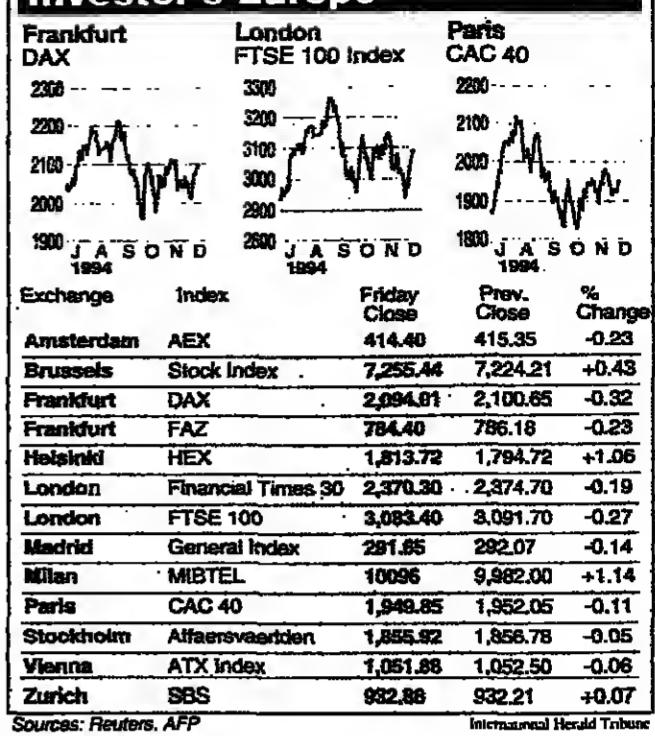
impeded by a weakness in software development. Total production of electronic products in Japan dropped about 17 percent from its peak in 1991 to its 1993 level of 20.63 trillion yen (\$207 billion). In 1994, production is estimated to have climbed 2.0 percent, to 21.25 trillion yen.

The association forecast that an improved economy in Japan would lead to growth of 2.2 percent in 1995.

Price cuts and deregulation helped spur demand for some products. Production of computers and related equipment grew for the first time in three years, rising 3.5 percent, to 5.05 trillion yen.

Demand for personal computers spurred this year because prices were lowered in a price war

Investor's Europe



Sources: Reuters, AFP

International Herald Tribune

Very briefly:

- Taiwan will give a "relatively clear" explanation of its policy on foreign investment in its stock market after the Lunar New Year, which begins Jan. 31, Finance Minister Lin Chen-kuo said.
- A Taiwan high court convicted James Oung, a businessman and legislator, in a scandal involving Kao Hua Life Insurance Co.
- Time Warner Inc. approached Toshiba Corp. and Itochu Corp. for financing to buy an estimated 500 billion yen (\$5 billion) of U.S. cable-TV companies, the Nikkei Keizai Shimbun reported.
- Taiwan's economy should grow by 6.6 percent in 1995, up from this year's 6.1 percent, because of a rebound in the world economy, the government said.
- Vietnamese tractor and engine factories are being threatened by a flood of cheap tractors and diesel engines smuggled from China, the Saigon Newsreader reported.
- Agricultural Bank of China plans to issue \$150 million of samurai bonds in Japan, the Xinhua news agency reported.
- China's automobile industry grew just 3 percent this year because government cutbacks on luxury good purchases caused a slump in sales, the official China Daily reported.
- Chemical Co. of Malaysia is buying UPHA Pharmaceutical Manufacturing Sdn. and controlling stakes in its related companies for 56 million ringgit (\$26 million).
- China Foods Holdings said its net profit rose to 93.2 million Hong Kong dollars (\$12 million) in the six months to Sept. 30 from 16.6 million dollars a year earlier, helped by a 29 percent increase in sales.
- Hong Kong's government proposed legislation that would strengthen the Monetary Authority's central bank function by requiring all banks in the territory to maintain a clearing account with the authority.

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Japan's Electronics Industry Emerges From 3-Year Slump

By Andrew Pollack

New York Times Service

TOKYO — Japan's electronics industry, creeping back from a long slump, registered an increase in production in 1994 for the first time in three years.

The gain was due in part to a slight improvement in demand for electronics products in Japan, but mainly to strong shipments to the United States and Asia of microprocessors and flat-panel displays to be installed in personal computers and other products.

But production of consumer electronics equipment in Japan fell nearly 9.7 percent in 1994 as Japanese companies shifted their manufacturing

of television sets, videocassette recorders and stereo systems to countries with lower wages, in part to escape the effects of the strong yen.

The data were reported Thursday by the Electronic Industries Association of Japan.

In the fiscal year that ended in March, 45 percent of consumer videocassette recorders and 72 percent of color television sets made by Japanese companies were made outside of Japan, the trade group said.

The figures, compiled in the association's annual production summary and forecast for the new year, highlight changes that have been occurring in Japan's electronics industry over time.

While "made in Japan" was once almost syn-

onymous with audio and video products, such products now account for only 13 percent of Japan's total electronics production, down from nearly 19 percent in 1988. Instead, Japan is becoming a maker of industrial equipment and of sophisticated components that are assembled into final products elsewhere.

Japan's overall electronics industry, which once seemed unstoppable, has been hurt by the three-year slump in Japan's economy, by the rising yen, which makes Japanese exports less competitive, and by a lack of new hi-tech products to follow the VCR and compact disk.

In areas such as computers and telecommunications, Japan's international competitiveness is

impeded by a weakness in software development. Total production of electronic products in Japan dropped about 17 percent from its peak in 1991 to its 1993 level of 20.63 trillion yen (\$207 billion). In 1994, production is estimated to have climbed 2.0 percent, to 21.25 trillion yen.

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Price cuts and deregulation helped spur demand for some products. Production of computers and related equipment grew for the first time in three years, rising 3.5 percent, to 5.05 trillion yen.

Demand for personal computers spurred this year because prices were lowered in a price war

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NASDAQ

Friday's 4 p.m.
This list compiled by the AP, consists of the 1,000
most traded securities in terms of dollar value. It is
updated twice a year.

AMEX

Friday's Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect trades elsewhere. Via The Associated Press

Sales figures are unofficial. **Yearly highs and lows** reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 10 percent or more has been paid, the year's high-low range on dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a—dividend also extra(s).

b—annual rate of dividend plus stock dividend.

c—liquidating dividend.

cd—collected.

d—new yearly low.

e—dividend declared or paid in preceding 13 months.

f—dividend in Canadian funds, subject to 15% non-resident tax.

g—dividend declared after split-up or stock dividend.

h—dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting.

i—dividend declared or paid this year, an accumulation issue with dividends in arrears.

j—new issue in the past 52 weeks. The high-low range begins with the start of trading.

kd—not in day delivery.

P/E—price-earnings ratio.

r—dividend declared or paid in preceding 12 months. P stock dividend.

s—stock split. Dividend begins with date of split.

st—sales tax.

u—dividend paid in stock in preceding 13 months, estimated cash values on ex-dividend or ex-distribution date.

v—new yearly high.

w—trading halted.

ui—in bankruptcy or receivership or being reorganized under the Bankruptcy Act, or securities assumed by such companies.

wd—when distributed.

wd—when issued.

ww—with warrants.

x—ex-dividend or ex-rights.

adis—ex-distribution.

aw—without warrants.

v—ex-dividend and sales in full.

vid—yield.

t—sales in full.

دیانت الدار

FIRST COLUMN

Financiers
Can Get It
Wrong, Too

INDIVIDUAL investors may have their doubts, but the grand world of high finance has clearly decided that intermediaries are a good thing. The proposed deal between the U.S. investment bank Morgan Stanley and its smaller U.K. competitor S.G. Warburg failed because of the high price the financial world now puts on intermediaries, otherwise known as people who advise or manage other people's money.

The proposed merger initially surprised the majority of analysts, who looked at the two banking operations and saw that the bigger partner was just going to get more of the same, but with a mild European flavor. Eventually, however, something closer to the truth emerged.

What interested Morgan Stanley was not so much a high-cost, low-margin banking operation, but Warburg's fund-management business. Unfortunately for Morgan Stanley, the minority shareholders in the fund management business held out for terms that the U.S. bank found unacceptable.

But regardless of success or failure in a single deal, Morgan Stanley has now shown its hand: It clearly wants to be part of the culture of OPM (Other People's Money). For a bank that has made millions from betting its own capital in the markets, this sudden move to acquire a major stake in the relatively risk-free OPM business of fund management is without its ironic undertones.

There are several messages for the small investor in all of this. The first is that the fine minds at the control panels of institutions like Morgan Stanley clearly expect people to continue to entrust the management of their money to other people. Another is that the money managers must be able to do their business well, i.e., beat the market. Because if that doesn't happen, asset management businesses can quickly lose their profitable luster.

But there can be no guarantee of success. As the events of this month demonstrate, even high financiers can get it wrong. M.B.

Discount Brokerages Jumping on the 'Go Global' Bandwagon

By Rupert Bruce

THE FACT that investors from Croatia, Jordan, Russia and Sri Lanka are calling up Fidelity Brokerage Services' London office to deal in international securities seems ample proof that the financial world is becoming a much smaller place.

Indeed, the trend toward globalization among institutional investors such as pension funds has been well documented in recent years. But a growing army of individual investors is also looking to join the international-market jet set.

Fidelity Brokerage Services Ltd., a U.K. affiliate of Boston-based Fidelity Investments, is one of two discount brokerages hoping to capture this nascent market. The other is the British office of Charles Schwab Corp., the San Francisco-based concern that has long been known as a leading discount broker.

Discount brokers execute trades but offer no advice on which equities or other types of investments to choose. Their services, which are considerably less costly than those of full-service brokers, are highly sought after by investors who prefer to pick their own stocks, bonds and other investments.

Fidelity appears to have come the farthest in terms of offering accessibility to global markets, says analyst. Fidelity now offers clients the capability to execute trades on 15 stock markets outside the United States and Britain. Schwab is less far along, with only one office outside the United States (in London) that services U.S. expatriates and European nationals who wish to buy U.S. securities or offshore funds. Schwab says it aspires to reach and then to surpass Fidelity's already wide range of services.

"I think that the service we are thinking about would give people the ability to deal on any exchange in the world in any currency," said Jack Wood, director of European administration at Schwab's London office. "If someone wants to deal in Singapore but wants to be able to do it from a Deutsche mark account, that is the flexibility we would aim to provide."

The discount brokerage concept took root about 20 years ago, first in the United States. Charles Schwab was a pioneer who burst into investors' consciousness through the medium of low-budget, late-night television commercials. Since then, Schwab's business has grown along with the number of investors who want to be

Intermediaries

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The perils of money transfers
Compensation for bad advice
No-load advisers
Fund selection services

able to deal in shares, bonds, options and other investments without having to pay for expensive advice. Outside the United States, discount broking is most common in Britain.

Justin Urquhart Stewart, business development and planning director at Barclays Stockbrokers in London, whose "Barclays-share" division is one of Britain's largest

The services of discount brokers, who execute trades but offer no professional advice on the markets, are sought by people who prefer to pick their own stocks, bonds and other investments.

discount brokerages, says such services in Britain were born out of the popular state privatizations of the 1980s and the "Big Bang" stock market revolution that took place in 1986.

THE BIG BANG abolished the old system of fixed broker commissions, throwing the doors open to discount brokerages which set up cheap telephone-dealing rooms through which investors could sell their privatization shares at low commissions.

The advent of international discount brokerages, however, is fairly recent. Fidelity set up its international office just south of London in 1987, but it was only in 1993 that it followed with the International Investor Service, specifically aimed at clients who wanted to invest in global securities markets. Fidelity says it serves about 2,000 foreign clients ranging from businessmen to soldiers to diplomats through this office, as well as some 23,000 British residents.

ham. "That is what it is all about. Every one else is a middle man."

Of course, not everyone is so enthusiastic about do-it-yourself investing. Stuart Valentine, head of research at Proshare, a London-based organization set up to encourage private share ownership, believes that investors should seek professional advice. "They may not do better with professional advice but at least they will avoid the most obvious pitfalls," he said.

As most investors know, however, professional advice can also mislead. Indeed, sometimes the worst course a private investor can take is to seek professional investment advice — the bargain-basement kind that, more often than not, turns out to be bad. The Nasdaq exchange in the United States, for example, warns of a wide range of dubious practices that are unlikely to be encountered at the better-known (and more expensive) stockbrokers, but which plague the bottom end of the market.

T RAPS identified by Nasdaq include guarantees that particular investments are foolproof, and promises that sales representatives will share in any losses on the investor's account. The rule of thumb is: If it sounds to good to be true, it probably is.

But investors who pick their own stocks avoid excessive "churning" by brokers on their accounts. Because investment advisers are usually paid by commissions on share transactions, critics say, they may urge investors to make portfolio changes even when it is really in the investors' best interest to sit tight. Why? In order to generate commissions for themselves.

But while many investors are sophisticated enough to watch out for that sort of thing, those that aren't often learn the ropes the hard way. "There are always some misguided people, but they usually find that out for themselves," said Mr. Oldham. "People tend to find out through experience if they aren't doing it right."

Trading at a Discount Execution-only share trading services in the U.K.

Company	Minimum commission	Minimum deal	Commission on \$5,000	Commission on \$10,000	Hours of operation U.K.	Markets
Barclay's Overseas Service	1.5%	no	\$75	\$150	8 A.M. to 5 P.M.	U.K.
Fidelity	\$25 U.K. trades \$25.50 + 1.7% U.S. trades £100 Other Int'l. Trades	no	\$50 U.K. trades \$28.50 U.S. trades £125 Int'l. Trades	\$80 U.K. trades \$108.50 U.S. trades £134.50 Int'l. Trades	8 A.M. to 8 P.M.	17 countries
Charles Schwab	\$30 + 1.7%	no	\$89 U.S. trades	\$110 U.S. trades	8:30 A.M. to 8 P.M.	U.S.
Share centre	\$19	no	\$32.5 U.K. trades	\$65.50 U.S. trades	8 A.M. to 7 P.M.	U.K.
Sharelink	\$38	no	\$89 U.K. trades	\$110 U.K. trades	8 A.M. to 8:30 P.M.	U.S.
Mansion House (Hong Kong)	\$25	no	0.25% commission on Hong Kong trades 4% on non-Hong Kong trades		8:30 A.M. to 4:30 P.M.	Hong Kong

: U.S., U.K., Austria, Belgium, Denmark, Finland, France, Germany, Holland, Italy, Norway, Spain, Sweden, Switzerland, Australia, Hong Kong, South Africa.

Source: Company reports

International Herald Tribune

Schwab opened its British office in February 1993. It declined to reveal the size of its client base, but said it expects to add a discount service in British shares to its existing business in 1995 and to progress globally from there.

"I would think that pan-European would follow and then worldwide," said Mr. Wood. "Certainly, I know Mr. Schwab is thinking of that."

One innovation to be introduced early next year, Mr. Wood said, is the "Street Smart" electronic dealing system which will allow investors in Britain, France, Switzerland, and Germany to deal through their IBM- or Apple Mac-compatible personal computers at a 10 percent discount to normal charges.

Meanwhile, other British discount brokerages have been making modest entrances into the world of international securities broking. In September, Barclays Stockbrokers introduced a service to allow investors from outside Britain to buy U.K. shares with a minimum of administrative costs, and Sharelink launched its "Liberty" service for overseas investors wishing to trade in shares of U.S.-based companies in March 1993.

But the vision of international discount broking is less compelling to Britons than to Americans, say some observers. Mr. Urquhart Stewart, for example, noted that discount brokerages make a profit because they have high volumes of business passing through them. As yet, however, he is not convinced that the potential client base is large enough to warrant the launching by Barclays of a pan-European or international business.

He added that international investors wishing to trade in French stocks, for example, should never do so in denominations of less than £5,000 (\$7,750) because they would have to pay for foreign-exchange and custodian costs as well as brokers' commissions. Mr. Urquhart Stewart also thinks that the dearth of information on many global markets renders them a formidable challenge even for highly sophisticated investors who are accustomed to adopting an international perspective.

Fidelity's typical international client

has an investment portfolio of at least \$200,000, says the company, and is a U.S. or U.K. expatriate. Barclays' typical client is an investor who learned about shares during the British state privatization programs and who owns merely a handful.

EW analysts dispute that the day is coming when discount broking will be more international than it is now. But Mr. Urquhart Stewart said he is awaiting a time when it is easier and cheaper to offer an international service before launching one. His British rivals at Sharelink are now negotiating alliances with overseas brokers to allow them to expand their services into various international markets.

Mr. Urquhart said he thinks a sort of supra-national market that trades above and alongside the existing exchanges may be created in Europe in the not-too-distant future.

The Money Report is edited by Martin Baker

Not Everyone Needs a Broker's Advice

By Aline Sullivan

WHY pay someone to do a job that you would enjoy and could probably do just as well, if not better?

That's the thinking behind the decision of many private investors to manage their own share portfolios. Indeed, to defend their independent way of doing things, many such market players cite newspaper and magazine surveys which show that individuals with little or no market experience can outperform experienced, professional investors.

"Why pay someone to underperform the market?" asked David Jones, chief executive of Sharelink, the discount stock broker based in Birmingham, England. "Investors can save a lot of money and get more enjoyment by making their own investments. They feel a greater sense of achievement and control."

That's only if they do well, of course. But many brokers agree that some private investors are knowledgeable enough to pick their own shares, thanks to the plethora of investment information available. Such investors are most likely to run into trouble, analysts add, by not following the markets closely enough.

"Investors often do well for a while and then go away for a couple of weeks on holiday, forgetting all about their investments," said a New York-based broker who spoke on the condition of anonymity. "People like that should really not be running their own portfolios."

Investors sure of their commitment to a do-it-yourself approach should also be sure about how much money they are willing to lose, brokers say. Gavin Oldham, chief executive of The Share Centre, a discount broker based in Tring, England, suggests that first-time investors seek at least some professional advice before embarking on a solo journey through today's complicated markets.

"It is not a bad thing to have a word with a friendly accountant," said Mr. Oldham. "Investors need to keep a reasonable amount of their money in cash and maybe in government bonds. There is also a role for the more collective forms of investment. Only after they have satisfied their other financial commitments should investors start picking stocks."

Discount brokers such as Sharelink and The Share Centre provide execution-only services and do not make investment recommendations. Their commissions are invariably lower than those of full-service brokerage firms that execute trades as well as provide investment advice and research support on a wide variety of securities on both domestic and international markets.

Just how much lower is evidenced by the commission charges at Spartan Brokerage Inc., a discount share-dealing service operated by Boston-based Fidelity Investments that specializes in serving high-net-worth individuals. Spartan's charges are up to 86 percent lower than those of Fidelity's traditional investment advisory service. The catch is that it also provides investment advice and research support on a wide variety of securities on both domestic and international markets.

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Discretionary Management Comes at a Premium

IF direct investment in shares sounds complicated and too much like hard work, you may be better off delegating responsibility to a "money doctor" or discretionary manager, who will make the investment decisions and negotiate the deals on your behalf.

But before putting your feet up and waiting for the capital to accumulate, it is worth mentioning that some major stock broking firms, where some stock money doctors practice, may not be interested in your business unless you have at least \$250,000 to invest. Indeed, some private bankers will only look at clients with \$1 million to invest.

And while it shouldn't be difficult to find a stockbroker who is willing to handle more mod-

est portfolios, the absolute minimum is usually pitched at around \$75,000.

"Any sum below this limit would not make practical sense," says Alan Albert, a senior manager for Merrill Lynch Global Asset Management in London. "Dealing costs, spreads, and the need for portfolio diversification tends to work against the smaller investor."

The cost of a full discretionary management service can be daunting. Expect to pay an annual management fee of at least 1 percent to 3 percent of the portfolio's value, as well as a percentage of the transaction value for each deal. With an execution-only service, you would only be paying for the account transactions.

With so much at stake, inves-

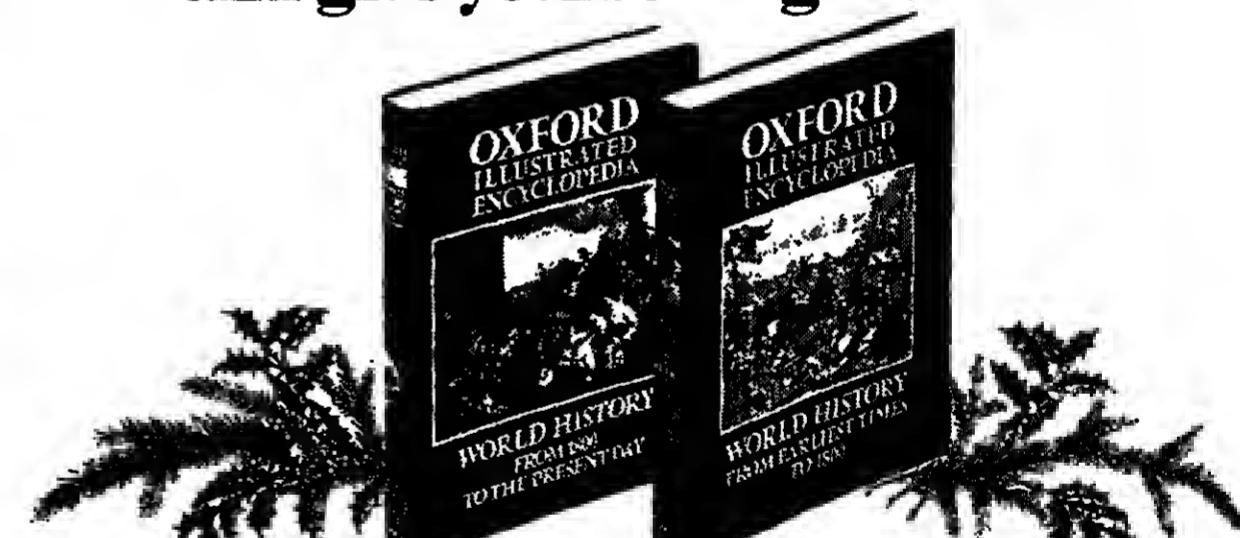
tors need to be sure that they are buying quality management.

Management selection is never easy, yet it is probably the most critical decision you will make. To alleviate the pressure, some brokerages offer portfolio manager selection as part of their services. At Merrill Lynch, for example, a consultant will help you articulate your investment needs and strategy before choosing a portfolio manager from a pre-selected roster. The service, called "Consults," also includes quarterly performance evaluation, safekeeping of securities and an automatic sweep of uninvested funds into a money market account.

The service is aimed at investors who have a minimum of \$100,000 to invest in shares if the broker turns out to have

Barbara Wall

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THE MONEY REPORT

Money Transfers Are Quick but Costly

By Barbara Wall

THE trend toward electronic banking is revolutionizing global financial services, but consumers may still be short-changed when they tap into the international money-transfer network.

A recent survey on international money transfers sponsored by the European Commission reported that transfer costs were excessive. The survey was especially critical of "double charging," noting that the practice was "widespread" and that once all costs were factored in, consumers could easily pay more than 10 percent of the transfer amount in bank commissions and charges. Double charging refers to the common situation in which both the sending and receiving entities charge the consumer.

For example, a simple telegraphic transfer of £260 (\$405) from Barclays bank in London to Crédit Lyonnais in France would cost around \$44. Barclays quoted a charge of £18 (\$28) for the transfer and Crédit Lyonnais said that it would charge 88 French francs (\$16.23) for handling the transaction at the other end.

Moreover, costs vary widely depending on the country. According to the survey, the cost of sending urgent transfers of 100 European Currency Units (\$121) ranged from an average of 16 Ecu in Luxembourg to 33 Ecu in France.

Even the major U.S. banks, which claim to be far ahead of their European counterparts in money transfer technology, can be costly when small international cash transfers are involved. Citibank in New York, for example, quotes a flat rate of \$27.50 regardless of the sum being transferred. This looks competitive if one is transferring fairly large amounts, but once the cash transfer drops below \$500, the cost starts to look hefty.

Citibank customers can, however, make the request for a transfer over the telephone, which speeds up the process. Most European banks ask customers to request a money transfer in writing, which can be a nuisance if the cash is needed urgently.

Robert DeRosa, president of Citibank's overseas personal banking division, says that the cheapest and most efficient way to access funds abroad is through the ATM network. Citibank does not charge a fee for its ATM service provided the client maintains a balance of \$6,000 in the account and the ATM is affiliated with Citibank. Other banks charge either a percentage of the transfer amount, typically 2 percent, or a flat fee.

If the bank has a fairly strong international presence, the ATM network can be efficient and relatively cheap. But it is not always practicable. If your cards are stolen, or you need to send money out of the country, some other cash transfer method will be needed.

Western Union, which has branches in over 80 countries, offers a same-day money transfer service for emergencies. "If a client needs money urgently, a relative can pay the amount into their nearest Western Union agent and this can be collected from a recipient agent within 10 minutes," said Jackie Kearney, general manager for Western Union in Britain. "As the agency network includes grocery stores, travel bureaus, pharmacies and even bars, our clients can access their funds late at night and on weekends."

The service offered by Western Union is not cheap, however, with costs ranging from \$18 to \$155 depending on the transfer amount. According to Miss Kearney, the average transfer amount is around

International Money Transfers

Provider	Availability	Agents	Delay	Account with provider	Cost (1)	Maximum transfer
American Express Moneygram	70 countries	Amer. branches	auto.	no	\$100-\$300-\$350-\$500-\$700-\$100-\$150	\$7,150
Barclays Bank F/C draft (1)	worldwide	most banks	7 days	yes	E12	\$7,500
Telegraphic transfer	worldwide	most banks	2-4 days	no	\$27-\$53	no
Citibank (US)	worldwide	most banks	48 hrs.	yes	\$27.50	no
Cooperative Tiba Net (UK)	France, Belgium, Germany, Italy, Canada, U.S.	CCPB, CNCP, 4 Natl. Banks, BNP/BSPI, CCI, STB/NY	3 days	no	E5 (\$7.50)	no
Eurocheque	worldwide	most banks	varies	yes	E2-3 (\$4) (2)	Ecu 1000
NatWest Relay (UK)	Germany, Italy, France, U.S., Can., Spain, Den., Port., Ire., Netherlands	Commerzbank, Credito Italiano, Société Générale	6 days	yes	E9 (\$14)	E5500
Royal Bank UK (IBOS)	France, Spain, Portugal, Belgium, U.S.	COP, Banco Santander, BCI, Krediet Bank, First Fidelity	auto.	yes	E7-E18	no
Western Union	90 countries	24,000	auto.	n/a	sliding scale	\$0
					\$18 to \$155	

Footnotes: (1) Excludes payment in pounds sterling and U.S. (2) Charge will be levied by receiving bank: average is 1.65% (3) Charge levied by receiving bank: France=4.4%, Spain=4.2%, Portugal=100 escudos (4) Separate charging program for transfers to South America.

Abbreviations: Auto. = Automatic; CCPB = Caisse Nationale de Crédit Professionnel; CCPI = Caisse Centrale des Postes et Télécommunications; BNP = Banco Popular de Milano; BSPI = Banco Popolare di Venezia; CCF = Crédit Commercial de France.

Source: Company reports

International Herald Tribune

\$450, which generates about \$38 in charges.

Another cash-transfer service is the American Express "Moneygram." The service is available at more than 12,000 locations in 70 countries, with transfer fees ranging from \$35 to \$150. American Express has recently extended its service to South America.

Perhaps the most innovative transfer system currently available in Europe is the Inter-Bank On-Line Service (IBOS), an electronic banking network that can zap funds between banks around the globe in seconds. The service is a joint venture

A recent survey on international money transfers sponsored by the European Commission reported that transfer costs were excessive. Once all costs are tallied, consumers can pay more than 10 percent of the transfer amount in bank commissions and charges.

between Spain's Banco de Santander SA, the Royal Bank of Scotland PLC, the brokerage Goldman Sachs & Co. and U.S.-based Electronic Data Systems.

IBOS, which is available to customers of the Royal Bank and its affiliates in France, Spain and Portugal, costs \$10 to \$27 depending on the transfer amount in London.

Several new banks have recently been added to the network, including First Fidelity in the United States and Kredietbank NV in Belgium.

A spokesman for IBOS said: "IBOS aims to be a full cash-management service. The idea is that both corporate and retail customers can operate two or three separate accounts under the IBOS umbrella. As well as same-day money transfers, clients can access money electronically on balances in their accounts, order payments and account transfers, and place standing orders to transfer funds between countries."

There is a wider choice of services available if you are prepared to wait a few days for delivery of the funds. National Westminster Bank in Britain offers a fixed-price, fixed-delivery service to account holders. The service, called NatWest Relay, is aimed at customers who need to make regular payments abroad.

NatWest Relay clients can send up to the equivalent of \$3,500 in local currency directly to a recipient's bank account in any participating country for a flat fee of £9. The bank guarantees payment within six days, although a company spokesman said that most payments within Europe arrive within four days.

The Tiba Net service, offered by partner banks of the U.K.-based Co-Operative Bank PLC, is available both to account holders and to the general public. A flat fee of £5 is charged for all cash transfers, and the transfer time varies between three days and eight days depending on the country.

Tiba Net is not really suitable for large international cash transfers, as the money could be sitting in limbo for up to a week when it should be earning interest," said Francis Walker of Co-Operative Bank in London.

But some of the more heavily regulated areas tend to concentrate on prevention rather than cure and have little back-up should a rogue intermediary slip through the net, say some analysts. Jersey prides itself on keeping out the likes of the failed bank, BCCI, for example, but it has no investor compensation scheme.

The United Kingdom currently has one of the most comprehensive plans. Its Investors Compensation Scheme was set up in 1988 and covers private investors for up to £48,000 (\$74,880) of the first £50,000 they invest.

For foreign investors, the U.K. plan has some clear advantages over the minimum standards proposed in the EU. One is that it applies to anyone with U.K.-based and U.K.-authorized investments, regardless of their nationality or country of residence. The EU plans only to protect EU residents, said David Cresswell, the Investors Compensation Scheme spokesman in London.

The European Union is only really concerned with matters affecting its citizens," he said. "Whether or not individual countries' schemes will include foreigners is up to them."

The U.K. scheme is also unusual in that

BRIEFCASE

Perpetual Is Launching a Latin American Equity Fund

It has been a less-than-vintage year for many emerging markets, but the mutual fund opportunities to invest in them keep coming.

One of the latest comes from U.K. mutual fund manager, Perpetual, which is launching an offshore vehicle investing in Latin American markets. The fund is seeking capital growth through the larger stock exchanges of Argentina, Brazil, Mexico and Chile, and will also commit money to Colombia and Peru. The managers "will also look at opportunities in Uruguay and the Caribbean."

Despite the difficulties experienced in 1994, Perpetual argues for the investment merits of the region. It cites "an encouraging background of reducing inflation, increasing growth and the introduction of more free market policies." The managers also believe that a new era of political stability has begun in the region.

"The fund is targeted at experienced investors," says Perpetual. "It will appeal to anybody who acknowledges the intrinsic risks in any emerging market, but is aware of the potential for excellent returns."

The minimum investment is \$2,000, and the fund, which is domiciled in the Channel Islands of Jersey, begins trading on January 31, 1995. Investors who apply for shares between January 16 and January 31 will receive a bonus of 2 percent. Charges

run at 5.25 percent initially, with a manager's fee of 1.5 percent annually.

For more information, call Perpetual in Jersey on (44) 534-68448; fax (44) 534-38918. Or write Perpetual Unit Trust Management (Jersey) Limited, P.O. Box 459, d'Hauteville Chambers, Seale Street, St. Helier, Jersey JE4 2WS, Channel Islands.

GT Management Is Bullish On Investments in India

If Latin America is not your preferred option, GT Management is offering another exotic possibility for emerging market enthusiasts: Indian small companies.

A newly launched open-ended vehicle quoted on the Dublin stock exchange is investing in "small, high-growth, niche-product Indian companies." The sectors the fund will concentrate on include high-technology companies, manufacturers and retailers of consumer products and the automobile, telecommunications and power generation industries.

"We believe that India will continue to provide a tremendous investment opportunity for investors," said Sir Marc Cobrane, director of European marketing at GT.

"Deregulation, which is still ongoing, has freed up the economy; industrial production and export growth have both increased dramatically; domestic consumption is up and foreign businesses are

investing again in India. Small companies are under-researched, undervalued and under-owned, yet have the ability to exhibit rapid growth rates," he added.

The fund will invest through a wholly-owned Mauritian subsidiary company to minimize Indian tax liability on non-domestic investment. Minimum investment varies according to the class of share bought.

For more information, call GT Management in London on (44.71) 710.4567, or call Ludgate Communications on (44.71) 253.2252.

ExpaCare Offers New Plan For Expatriate Health Care

ExpaCare, an English subsidiary of Jardine Insurance Brokers, has launched a new health care product "available to all expatriates of all nationalities in all countries of the world."

The plan offers two levels of care. The lower level provides "essential basic cover," the higher "virtually every conceivable medical expense."

The plan can cover separate geographical areas: Europe only, worldwide, or worldwide excluding the United States, Canada and the Caribbean.

For more information, write ExpaCare Insurance Services, Dukes Court, Duke Street, Woking, Surrey GU1 5XB, England. Or call (44) 1483 740090.

Next Week in The Money Report: A year-end review of global bond markets.

Is There Redress for Bad Market Advice?

By Digby Larner

COMING to terms with foreign business customs and overcoming language barriers are just two of the many problems facing expatriate investors.

Not surprisingly, getting over these hurdles often leads investors to use local intermediaries to manage money on their behalf.

But what if the intermediary you choose only saves you from making a shambles of your investment by making a shambles of it for you? Will someone be there to help pick up the tab or will your money simply disappear without a trace?

David Smith, a director at the fund concern Flemings (Jersey) Ltd., said that as a general rule, the older, better-established finance centers tend to be the most secure.

"The newer offshore locations should be treated wary," he said. "Investors need to be assured that appropriate degrees of legislation exist and that the people they deal with are properly regulated." On this basis, places like Jersey, Guernsey, Luxembourg and the Isle of Man would qualify as safe offshore centers around Europe, experts say.

But some of the more heavily regulated areas tend to concentrate on prevention rather than cure and have little back-up should a rogue intermediary slip through the net, say some analysts. Jersey prides itself on keeping out the likes of the failed bank, BCCI, for example, but it has no investor compensation scheme.

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The European Union is only really concerned with matters affecting its citizens," he said. "Whether or not individual countries' schemes will include foreigners is up to them."

The U.K. scheme is also unusual in that

it covers investors against bad advice. Under most existing plans and the European Union's proposed arrangement, investors only receive compensation if an intermediary defrauds them or if the company whose shares were bought collapses.

Indeed, a high number of U.K. investors are currently seeking compensation for allegedly being wrongly advised by intermediaries to buy private pension plans instead of joining in their employers' pension plans.

According to figures from the U.K. consulting actuary Bacon & Woodrow, 450,000 people have so far opted out of U.K. corporate pension plans while up to 1 million have taken out personal pension plans instead of joining a corporate scheme in the first place.

Martin Miles, a consultant with Bacon & Woodrow in London, said that a high proportion of these people may have been wrongly advised. "There are very few circumstances where a private scheme offers more benefits than a good company scheme," he said.

If any of these claims is upheld and the advisers involved are unable to pay back all the money their clients are considered to have lost, the Investors Compensation Scheme will step in. Some estimates put the eventual cost of a potential claim at £2 billion.

From 1996 on, intermediaries in EU countries will be free to operate in fellow member states. This, says Mr. Cresswell, will make it harder to decide which compensation plan should pay out if something goes wrong:

"You could have a Greek intermediary in France selling a Portuguese investment to a Dane," he said. "Under those circumstances, it could be very difficult to work out under which country's jurisdiction a claim would come."

No-Load Advisers, the New Breed of Financial Intermediaries

By Judith Rehak

THE NO-LOAD mutual fund is a uniquely American success story. Sold directly to investors without a commission paid to a broker, no-loads now number about 2,000 of the 5,000-plus funds in the United States, accounting for a hefty 31 percent of the \$2.2 trillion in industry assets.

The downside to no-loads is that investors must do their own homework when selecting a fund, since advice-giving brokers typically don't deal in the no-load realm. Moreover, choosing a fund in the rapidly expanding and increasingly diverse no-load universe is becoming more complicated every year.

Enter a new breed of intermediary to bridge the information gap: the independent no-load fund adviser.

Such individuals range from money managers to "fee-only" financial planners (who work directly with investors for a fee based on a percentage of assets) to newsletters that offer information and advice on when to buy and sell.

Investors should also note that not all fund selection services are independent. Some groups, including Kleinwort Benson, Fidelity Investments and Hill Samuel, offer their own managed funds.

Mr. Bailey said that no matter how good a fund management group was, the likelihood of its being top performers then the fees become irrelevant," he said. "The problem is identifying the services which offer quality and value for money."

According to Robert Burdett, a senior fund manager with Berry Asset Management in London, the U.S. fund-selection industry

and Drucker Inc., a Bethesda, Maryland financial planning group, uses a no-load fund portfolio as part of an overall financial strategy. Her preference is to allocate her clients' cash among 10 to 15 funds, with a core holding in a solid, low-cost index fund such as the Vanguard S&P 500, which buys and holds big-name companies.

Miss Malgoire places a strong emphasis on asset allocation. "You can say, 'Gee, our investment fund went up 35 percent,' but if you only had 5 percent of your cash there you won't get the rate of return you hoped for," she points out.

Strategies among no-load advisers can differ widely. Robert Markman, a Minneapolis money manager who oversees \$300 million in no-load funds for his clients, says he tries to create a hybrid portfolio that blends

SPORTS

A Newly Drawn 'Steel Curtain'

By Leonard Shapiro
Washington Post Service

PITTSBURGH — Not long after Neil O'Donnell had finished postgame interview in Three Rivers Stadium, the quarterback rounded a corner and humped into Ron Erhardt, the team's offensive coordinator. Both men were smiling, and their warm hug spoke volumes about the affection and respect they have for each other.

But in this tough town, where the Pittsburgh Steelers' every accomplishment in the 1990s is measured against the legendary four-time Super Bowl champion teams of the 1970s, the populous was still not quite ready to embrace O'Donnell. However, after an almost-flawless, no-interception performance in the emotional 17-7 victory last Sunday over the Cleveland Browns, which won the AFC Central title and the home-field throughout the playoffs, that could change.

"I don't know if the pressure will ever be taken off me here," said O'Donnell, a five-year veteran. "It's been an up-and-down year for me personally. My father passing away (in June) and now us winning the division. But the coaches stayed with me, and I tip my hat to them."

And now, all of Pittsburgh is the same to the Steelers, 12-3 with seven straight victories going into the game Saturday at San Diego and clearly the favorite to represent the American Football Conference in the Super Bowl. Only one team, the 13-2 San Francisco 49ers, has a better

record this season, and despite all the talk about the dominance of the 49ers and 12-3 Dallas Cowboys, to a man the Steelers believe they belong in that company.

"It really doesn't make any difference what you do right now," said Bill Cowher, the 36-year-old local boy now made very good as the team's fiery head coach. "The bottom line is who wins that last game in late January. That's the measuring stick you should go by."

Still, this team has taken great strides, particularly its defense, now ranked No. 1 in total and pass defense, in the NFL. It has set a club record with 55 sacks, also best in the league, and linebacker Kevin Greene's 14 sacks also sets the standard for every other pass rusher this year.

But unlike the Mean Joe Greene, "Steel Curtain" Steelers of the 1970s, this modern version has been holding teams down with blitzes from all parts of the field and occasionally employing six defensive backs. Linebacker Greg Lloyd can rush from the outside, or drop back into pass coverage; cornerback Rod Woodson or safety Carnell Lake can come crashing toward the quarterback.

The bottom line is that teams have had a difficult time figuring out just when and where the Steelers are coming from in defensive coordinator Dom Capers' scheme. While there has been some talk around the league that the Steelers are relying on gimmickry to get it done, no one

questions the results. Capers, suddenly this year's hot young assistant, is also being talked about as a possible candidate for the head-coaching job of the expansion Carolina Panthers next year.

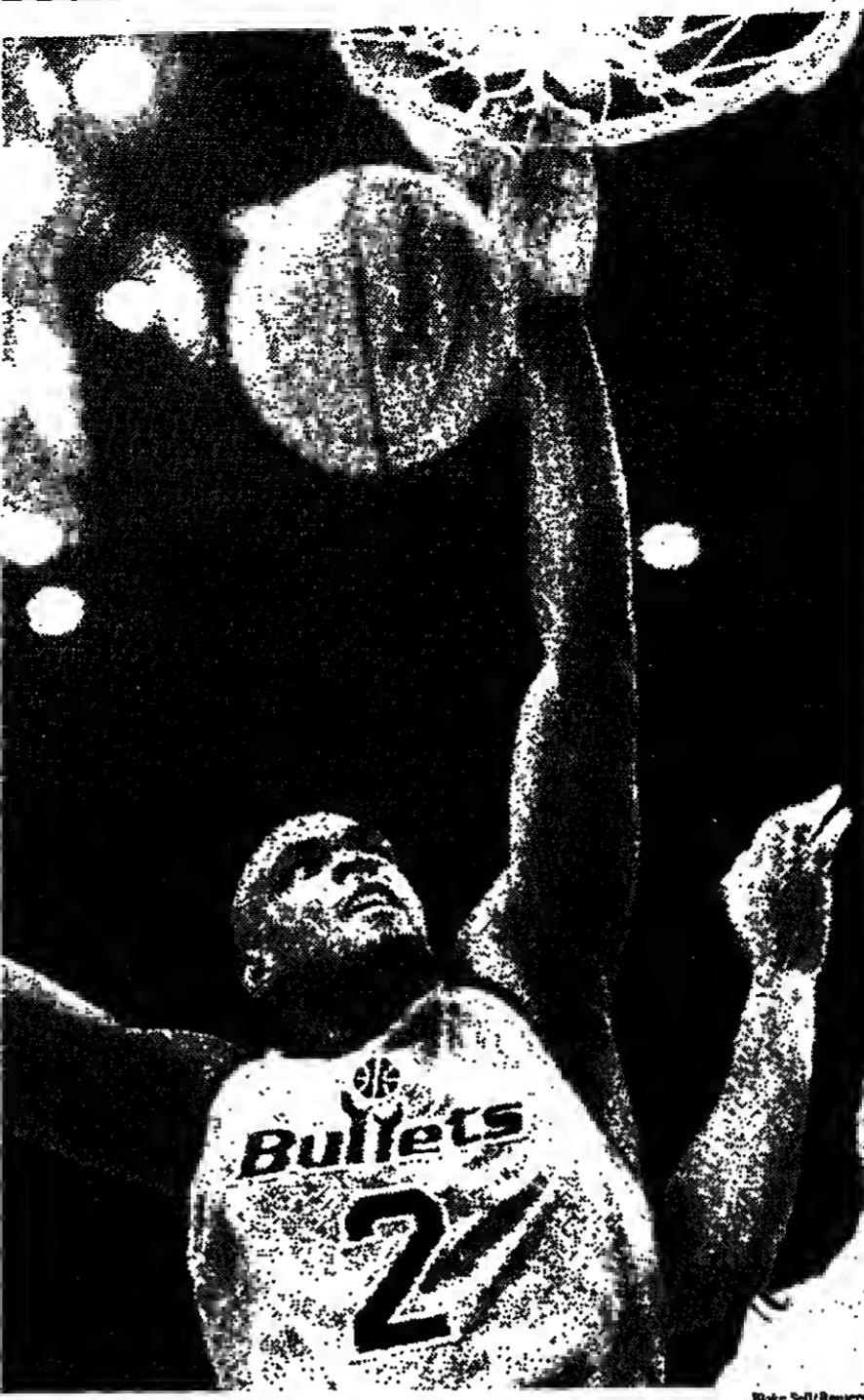
There are critics who say "that we do it all with mirrors," said Kevin Greene, a Hulk Hogan lookalike with flowing blond hair and a style of play that is way beyond reckless abandon. "It just motivates us to get in their face."

Greg Lloyd, his bookend, plays the game in full rage as well. Against the Browns, Lloyd had to be helped off the field three times with various injuries. And three times, he returned to the field.

"You throw your body around out there, and you pay a price for it," he said afterward, not long after someone asked him, "Where doesn't it hurt?"

"All I know is this defense has done the job all year," said cornerback Tim McKey, who started in Super Bowl XXIII for the 49ers at Joe Robbie Stadium in Miami — where Super Bowl XXIX will be played next month. "Hey, that's right, *defend* us for me going back to Joe Robbie and maybe playing against them, too. That would be nice."

"I'll take my chances on this team being there. This defense is as good or better than any defense I've ever been part of. It's a calculating defense, the guys are tough and hard-nosed. Every time we need a play, someone comes up and makes it."



Webber Hurt, Out for Weeks

The Associated Press

OAKLAND, California — Chris Webber did not expect his first game against the team he starred for last season to go so smoothly. But he did not expect it to be so painful, either.

Webber, traded to the Washington Bullets on Nov. 17, dislocated his left shoulder in a 107-87 loss to the Golden State Warriors on Thursday night.

Last season's rookie of the year in the National Basketball Association is expected to miss six to eight weeks.

"I was definitely scared, but I'm blessed and I'm young and there's no reason for me to get down," Webber said.

He had 14 points and 7 rebounds before he was injured with 9:25 left in the third quarter and Washington trailing by 56-54.

While chasing a loose ball, Webber seemed to take an awkward step and crashed to the floor. As he lay in pain, some fans jeered him.

"They were just getting their feelings out," Webber said. "But some son is watching his father cheer someone getting hurt. What kind of a role model is that?"

Webber, who feuded with Golden State's coach, Don Nelson, was sent to Washington for Tom Gugliotta and three first-round draft picks.

Gugliotta had 18 points and 13 rebounds as the Warriors snapped a 10-game losing streak and handed the Bullets their eighth consecutive loss.

"I think any player who gets traded away wants to play well against the team they get traded from," Gugliotta said.

Webber had to be helped off the floor and into the locker room for treatment, but returned to the Washington bench in street clothes to watch the last few minutes of the game.

"I did it to show the team I'm with them," Webber said. "If things were going to be said, I wanted to be right there in the fire."

Nelson, recovering from viral pneumonia, wasn't at the game. His son, Donnie, an assistant, is coaching the team in his absence.

Chris Webber slammed home two points before separating his shoulder.

No. 6 Arizona Meets Match and More in Syracuse

The Associated Press

The game was No. 6 Arizona at No. 14 Syracuse. The game within the game was defensive stopper Reggie Geary against offensive star Lawrence Moten.

Syracuse and Moten prevailed Thursday night when the Orangemen beat the Wildcats 94-84 as the senior guard had a season-high 25 points.

San Francisco (13-2) at Minnesota (9-6): Depending on career games, Vikings may need to win Monday night to make playoffs, but a victory will give them AFC East division title. Lions are 0-3 on natural grass this season; Dolphins are 7-2. Dolphins by 3½.

Seattle (6-9) at Cleveland (10-5): Browns are already in Christmas Day game, so they can make playoffs and possibly win NFC Central division. Barry Sanders wants to gain 169 yards so he can become third player in NFL history to rush for 2,000 yards in a season. Dolphins have already made playoffs, but a victory will give them AFC East division title. Lions are 0-3 on natural grass this season; Dolphins are 7-2. Dolphins by 3½.

Pittsburgh (12-3) at San Diego (10-5): Steelers won AFC title last week by beating Cleveland and getting home field advantage for playoffs. Chargers have made playoffs but would like to get first-round bye and home game. Chargers are No. 1 in AFC against running, giving up 84.5 yards a game. Steelers have given up just 16 touchowns in last 15 games, fewest in NFL. Chargers by 3.

Washington (2-13) at Los Angeles Rams (4-11): Both have lost last six games. Rams' Jeff

Washington, Arizona (7-2) lost for the first time since dropping a 72-70 decision to Minnesota to open the season.

"Syracuse showed how good a team it can be if it plays hard and together," Arizona coach

COLLEGE HIGHLIGHTS

Lute Olson said, "They are the best team we've played this year."

"It wasn't all Moten for Syracuse. John Wallace finished with 19 points and 12 rebounds. Lucious Jackson scored 18 points and Michael Lloyd 15 for the Orangemen.

If Syracuse could beat a team like Arizona, Lloyd said, "We are going to be around at the end."

Geary, a junior, knew that all too well.

"He got his confidence going in his first couple shots and then they were looking for him the rest of the night," Geary said. "I don't think we anticipated how intense they were going to be."

The victory was the seventh in a row for Syracuse after a season-opening loss to George

No. 1 North Carolina 88, Hawaii 76: Jerry Stackhouse had 21 points and 13 rebounds as the visiting Tar Heels (7-0) had trouble with the Rainbows (4-1), who trailed just 71-67 with 6:30 to play. Stackhouse scored seven of North Carolina's next nine points. Tes Whitlock led the Rainbows with 20 points.

No. 2 UCLA 137, George Mason 100: Tyus Edney had a career-high 28 points, a Pac-10 record 11 steals and 9 assists as the Bruins (5-0) spoiled the West Coast return of former Lakers coach Paul Westhead.

UCLA led by 20 in the first half and broke the 100-point mark with 10:35 to play. The Patriots (4-2), who came in averaging 117.4 points, were led by G. C. Marcuccini's 19 points.

Missouri 76, No. 23 Illinois 58: Before 21,714 at Kiel center in St. Louis, the largest crowd ever to watch a basketball game in Missouri, Paul O'Liney scored 19 points and Derek Grimm was 4-for-4 from 3-point range and had 18 points as the Tigers (7-1) beat Illinois for the fourth straight time.

DENNIS THE MENACE



PEANUTS



GARFIELD



CALVIN AND HOBBES



WIZARD OF ID



THE FAR SIDE



BLONDIE



JUMBLE

Unscramble these four Jumbles, one letter to each square. No ordinary words.

SMUNI

ZAUER

DORRAM

URREBB

Answer here:

Answer: Jennifer HAYEN VIVIE VORTX

Answer: When the weatherman looks it out — IN A LATHER

Answer:

<p

SPORTS

BASEBALL: New Battle Begins

Continued from Page 1
sport shares, the Senate has long been a bastion of resistance.

Leading the resistance have been senators from states like Pennsylvania and Washington, where franchises like the Pittsburgh Pirates and the Seattle Mariners might someday move to larger or more prosperous cities if the owners could not stop them from doing so.

But this year's bitter labor dispute has shifted the focus of the antitrust debate from the franchise issue to an organized labor issue.

Mr. Graham said Mr. Moynihan's involvement was particularly significant because he had not previously taken an interest in the issue. Mr. Moynihan has long been a backer of labor rights.

Mr. Hatch said he thought the legislation had a good chance to pass the House and the Senate, possibly with support from Representative Newt Gingrich, the Georgia Republican who will become the speaker next year. "I believe Gingrich is starting to wake up to this issue and a number of other Republican leaders over there—it's not right" what the owners are doing, Mr. Hatch said.

■ Next, to the Courts

Major league baseball's next pitches will be made in the courts, beginning what most likely will be long and possibly historic litigation, it was reported earlier.

It is less likely that any pitches will be made on the playing fields next spring, when the owners insist, what the United States regards as its "national pastime" will begin its 1995 season.

In addition to possible congressional action to lift baseball's antitrust exemption, the owners' decision early Friday morning to impose a salary cap sets the stage for a bitter legal battle. It also jeopardized the coming season, when the owners will try to use replacement players and the players will continue a strike that began Aug. 12.

Officials of the baseball players' union said they would file an unfair labor practice charge with the National Labor Relations Board.

The union will accuse management of failing to bargain in good faith and of declaring an

impasse when none existed. The National Labor Relations Board has already accused the owners of having failed to bargain in good faith for withholding a \$7.8 million pension payment to the players in August. If the board decides to issue a complaint, it will go to U.S. District Court in New York to seek a preliminary injunction against the system the owners have put into effect. A decision could be expected in late January or February.

The complaints before the board would be tried before an administrative law judge, with a ruling there unlikely until late 1995 or early 1996. The side that loses before the National Labor Relations Board would go to a Circuit Court of Appeals. The Supreme Court could make the ultimate decision, but that would not happen until 1997 or 1998.

"The owners will come to regret this—sooner than they realize," said the union leader, Donald Fehr.

Adding to the acrimony, the union representing major-league umpires also filed an unfair labor practices charge against the American and National Leagues on Thursday.

It asserts that league officials have conducted sham negotiations and intend to lock out the umpires on New Year's Day, after a collective bargaining agreement expires on Dec. 31. The allegations were rebutted by the league presidents, who are charged with negotiating with the umpires.

The collapse of negotiations in the 133-day-long players' strike came hours after the players, for the first time, made a two-tiered, escalating tax proposal designed, they contended, to apply the drag on salaries and the overall cost control the owners had been seeking through the cap or their own high rate tax proposals.

The owners' negotiating committee studied the proposal for six hours before rejecting it, describing it in a statement as an "empty bag."

William J. Usery, the special mediator brought in by the White House, said it was clear "that there was no use going any further for the time being."

Aside from those high-profile provisions of the owners' new system, there are many other turn-back-the-clock items. These were among them:



Brace Young/Reuters

Outfielder Kenny Lofton of the Cleveland Indians checking out of his Washington hotel.

JOY TO THE WORLD By Randolph Ross

ACROSS
1 Her Majesty
4 Abr.
5 Furnished
10 Southwestern
13 Wharton deg.
18 Feet
19 Anemic in
20 Double duty?
21 American
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22 Season's
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Seoul
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coal material
35 "Steppenwolf"
author

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tragedy

money

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Actor Mineo

Uncle of note

Oklahoma city

Provide with
information

Mother of Horus

Denton of "Our
Miss Brooks"

Season's
greetings from
Rome

Start for flop or
plunk

Some steak
orders

Rock

Australian
tourist site

Major-league

Ontario

Diving position

Reich

Third writer

Frost

Season's
greetings from
Dublin

212 K.I.C. info

Travel book?

Come to the fore

home

U.S.C.G. call

City on the Are

Lee and
Roosevelt

Unwelcome
growth

2000

"Mayor" author

Have no taste for

Name's domes

Half sister?

Kinross

judges

Crate
wardrobes

What's left?

Without a key

No—(menu
line)

Sorbonne
summer

Ray

Treat, as glass

Have car trouble

38 Game show
group
37 Midas carrier
69 Kind of tax
72 Desk-box words
73 Oyster
Container
74 Son's
greetings from
Paris
78 Overcharged
79 Half a train too
81 Rules
82 — Friday
83 Simile center
84 Hwy.
85 Gerard and
Hodges
86 Luncheimes
88 For —
90 Diving position
91 "Inside the Third
Reich" writer
94 First of a Roman
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98 The other
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100 Season's
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Madrid
102 Marble
Baby sitter's
babe
104 Dumb
Sixth-century
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108 Stems of film
107 Season's
greetings from
Dublin

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112 K.I.C. info

Travel book?

DAVE BARRY

Two Cases of Hare-Line Justice

MIAMI — Like most people, you probably often ask yourself: "What, exactly, are my legal rights if I am wearing a bunny outfit?"

The answer, you will be relieved to learn, is: "It depends."

To understand why this is, let us first consider a 22-page legal decision filed in October by U.S. District Judge David G. Larimer and sent to me by alert attorney James G. Vazzana of Rochester, New York. Here, according to Judge Larimer's decision, are the facts of the case (and I want to stress that I am not making ANY of this up):

On April 23, 1992, Timothy Wagner and John Payment were traveling on holiday through western New York state. They stopped their van in a Cattaraugus County town called Randolph to eat breakfast, and they noticed a little girl in the restaurant. This, according to Judge Larimer, gave them an idea:

"The men decided it would be a treat for the girl if one of them went to the van, put on the 'Easter Bunny' mask and walked to the window of the restaurant to surprise the girl."

It seems that Wagner and Payment were traveling with (Why not?) a large paper-mâché bunny head. Each time they entered a new county, one of them would put on the bunny head and pose for a photograph next to the county sign on the roadside. (Judge Larimer notes that "They also had a seven-foot-stuffed dog in the van which apparently posed for some of these roadside pictures.")

So Payment got the bunny head out of the van, put it on and waded into the restaurant window until the little girl saw him. Then he put the bunny head away and went back to finish his breakfast.

In some towns, Wagner and Payment might have gotten away with this. But Randolph is not "some town." Several alert citizens observed the Easter Bunny; they thought that it might have been looking into the windows of local banks. So a bank employee called the Cattaraugus County Sheriff's Department, which sent two officers to Randolph to investigate.

By then Wagner and Payment had left town, but one of the officers, Lieutenant Ernie Travis, was able to trace Wagner's van from its license plate; he learned that Wagner had a criminal conviction (which

turned out to be related to income-tax evasion charges).

Lieutenant Travis, according to a deposition he gave later, as summarized by Judge Larimer, concluded that "the men were bank robbers." So he issued an All Points Bulletin to apprehend the suspects, who were described as "armed and dangerous."

Wagner and Payment were arrested at gunpoint by state police, handcuffed and returned to Cattaraugus County. There the bank-robbery case against them — which up to that point probably looked airtight — began to fall apart. For one thing, as Judge Larimer noted in his decision, no bank had been robbed. Also, Payment and Wagner did not flee, nor were they armed (unless you count the stuffed dog). Also, as the judge pointed out, robbers casing a bank probably would not wear a two-foot-high bunny head featuring "enormous pink ears."

So after a couple of hours in custody, Wagner and Payment were released, and everybody had a good laugh, and then Wagner and Payment sued for \$2.1 million. Judge Larimer ruled that Lieutenant Travis acted improperly, and a jury will determine what the damages are.

This case reaffirms our fundamental right — not specifically mentioned in the Constitution, but clearly on the minds of the Founding Fathers — to look into bank windows while wearing bunny outfits. But that does not mean that we have carte blanche (literally, "bors d'oeuvres") to do whatever we wish. I have here a Nov. 3 Los Angeles Times story sent in by alert reader Cathy Perlmutter, concerning a 35-year-old, 225-pound man who dressed as a "Samurai Bunny" for Halloween, meaning that he carried a wooden sword and had (I am not making any of this up) "a stuffed bunny on his head." This man was arrested on suspicion of assault after he allegedly almost whacked off another man's ear with his sword when the man asked if he wasn't too old to be trick-or-treating.

So we learn from these two cases that there is a "fine line" between legal and illegal bunny-outfit conduct. In this or any other legal matter, I strongly recommend that before you do anything, you pay a qualified attorney to give you advice that neither you nor he really understands. And make darned sure you register your stuffed dog.

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